



COMPANIES: VT Garment  
COUNTRY: Myanmar  
ASSESSMENT DATE: 10/26/16  
ASSESSOR: FLA China  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 490

## FLA Comments

VT Garment ended their affiliation with the Fair Labor Association in April 2018. Therefore, there will be no further updates to the Company Action Plans contained in this report.

Due to this disaffiliation VT Garment is no longer listed on the Fair Labor Association Website, however, their Independent External Assessment reports can still be found at: <https://www.fairlabor.org/transparency/workplace-monitoring-reports>

## 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 procedures on Recruitment, Hiring, and Personnel Development; therefore, there is no personnel development, including managing performance review procedures. ER.28, ER.29, and ER.30
2. Workers' wages are increased according to the legal requirements; however, there is no job and skill-testing program for increasing the workers' wage. Management, without set criteria, evaluates the staff skill levels. ER.29
3. There are no written procedures for Hours of Work and Compensation. However, hours of work and wages are mentioned in the employee handbook and employment contract. ER.1 and ER.23
4. Factory has a policy allows workers to air their opinion and provides suggestions, but management claims that this is a Freedom of Association policy; thus, the factory does not have a written policy on Freedom of Association. ER.25
5. The factory does not have procedures for managing its environmental impact to its surroundings, procedures enable workers to raise environmental concerns, procedures for reporting environmental emergencies, or procedures include protections for workers who allege environmental violations. ER.31 and HSE.1
6. The factory does not have written policies and procedures for regulating Workplace Conduct and Discipline; however, internal rules are included in the employee handbook. The factory does not have procedures on how employees can appeal disciplinary actions taken against them. There is also no oversight mechanism in place to ensure that management does not engage in harassment, abuse, or discrimination against employees when implementing disciplinary measures. ER.27

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.23, ER.25, ER.27, ER.28, ER.29, ER.30, and ER.31; Health, Safety & Environment HSE.1)

##### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks.
2. The lack of procedures on Hours of Work and Compensation have not been brought to the attention of the factory management during previous audits.
3. Management does not recognize the benefits of the performance reviews for workers.
4. The lack of policies and procedures on Personnel Development has not been brought to the attention of the factory management during previous audits.
5. The lack of procedures on Freedom of Association have not been brought to the attention of the factory management during previous audits.
6. Management does not see the benefits of Industrial Relations and Freedom of Association in the factory.

##### FLA's Recommendations for Sustainable Improvements

1. Establish procedures on all aspects of hours of work.

2. Establish and implement a procedure for the hours of work.
3. Establish a written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements. Provide workers with orientation training materials that cover all aspects of orientation training.
4. Implement the policies and procedures with regard to performance reviews to all employee level.
5. Establish policies and procedures on all aspects of Recruitment, Hiring & Personnel Development.
6. Establish procedures on all aspects of wages and benefits. Establish and implement a procedure for the wages and benefits.
7. Establish policy and procedures on all aspects of industrial relations and freedom of association. Establish and implement policy and procedure for the industrial relations and freedom of association.
8. The factory shall established a written procedures on 1) procedures for managing its environmental impact to its surroundings, (2) procedures enable workers to raise environmental concerns, (3) procedures for reporting environmental emergencies and (4) procedures include protections for workers who allege environmental violations as well as regularly monitoring the relevant laws and regulations.
9. Established a written policies and procedures for regulating workplace conduct and disciplinary measures with the worker representatives involve in the development or review. Establish and implement an appeal procedure so that workers can appeal disciplinary actions taken against them. Train workers on this new procedures.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

: 1.HR Dept. Team check social compliance policies and compare to customer code of conduct and FLA's workplace conduct and reviewed to each topics cover each customers to be SAWBWA VT LIMITED 's compliance policies.

2. Arrange training " Social Compliance policies " to managers , supervisors and workers. 2 days

Cover FLA's there are 1)Child /Juvenile Labor Policy , 2) Recruitment & Hiring Policy , 3) Compensation & Benefit Polciy , 4)Working Hours /Overtime Policy, 5)Freedom of Association /Worker Participation Policy, 6)Worker-Management Communication /Grievance Policy, 7)Policy on Disciplinary Action , 8) Non-Discrimination Policy, 9) Force Labor Policy, 10) Non-Harassment & Abuse Policy, 11) Training & Development Policy, 12) Career Development Policy, 13) Bribery & Corruption Policy, 14)Non-Retaliation Policy , 15) Policy on Performance Management , 16) Termination & Retrenchment Policy and 17) Safety , Health and Environmental Policy.

#### Planned completion date

12/08/17

#### Company Action Plan Update

We still follow up the factory by arranged internal audit 2 times/ years.

## FINDING NO.2

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Review Process (Macro)

#### Finding Explanation

With the exception of Health and Safety, the factory does not conduct periodic reviews of the policies and procedures for any of the employment functions. ER.1, ER.29, ER.30, and ER.31

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, and ER.31)

#### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks.
2. These issues have not been brought to the attention of the factory management during previous audits.
3. There is a lack of HQ oversight of the factory compliance performance.

#### FLA's Recommendations for Sustainable Improvements

Implement a procedure for the regular review and update for all of the employment functions.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. HR Dept. Manager /Mrs. Sukrudee S. was a meeting leader , HR Manager / Ms. Nan Khin Mar Lwin , Factory manager / Mr.Kittisak T , Social compliance team / Ms Navaratt T & Ms.Pakamat S, Recruitment Supervisor / Nuengruthai T and SVT's HR officers had been meeting since 26 October,2016 concerning to employment function .And strict warning to everybody have to followed our work instruction which we had been created since September 2015. Any question or confuse everybody can ask for clarify for understanding to HR Dept.Manager or check to Labor Office district our industry area.

2. We settle 2 times/year to do internal audit both Labor and safety included document checking .

#### Planned completion date

12/08/17

#### Company Action Plan Update

Since the last time internal audit on July 14,2017 we did not found non comply to employment fuction.

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. With the exception of Healthy and Safety, the factory does not provide specific training for supervisors on any of the employment functions. ER.17
2. The factory provides a three-hour orientation training to new workers; however, it does not cover Industrial Relations and Human Resources (HR) policies and procedures. Furthermore, workers are provided with training materials, but these do not include the FLA Workplace Code. ER.15.1 and ER.15.3
3. The factory does not provide ongoing training to employees on Industrial Relations or Workplace Conduct & Discipline. ER.26 and ER.27

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1. ER.15, ER.17, ER.26, and ER.27)

##### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code of Conduct and Benchmarks.
2. The findings noted above have not been brought to the attention of factory management during previous external audits.
3. The lack of training on the FLA Workplace Code has not been brought to the attention of the factory management during previous audits.
4. Management does not recognize the benefits of fully training new workers.
5. Management does not see the benefits of specific, detailed, supervisor training.

##### FLA's Recommendations for Sustainable Improvements

1. Established the training and ensure that specific training for supervisors on grievance system included and conducted regularly basis.
2. Establish an orientation training program that provides adequate information on all Employment Functions. Provide workers with orientation training materials that cover all aspects of orientation training.
3. Train workers and supervisors on the FLA Workplace Code and Benchmarks.
4. Provide specific training to supervisors on Industrial relations practices, including Freedom of Association and Human Resources (HR) policies and procedures.
5. Provide specific training to supervisors on Recruitment, Hiring & Personnel Development.
6. Provide specific training to supervisors on Wages and Benefits.
7. Provide specific training to supervisors on hours of work.
8. Provide specific training to supervisors and ongoing training to employees on termination and retrenchment policies and procedures.
9. Established the training and ensure that specific training for supervisors regarding environmental protection and conducted regularly basis.
10. Provide specific training to supervisors and ongoing training to employees on industrial relations and freedom of association policies and procedure.
11. Provide specific training for the relevant managers and supervisors and ongoing training to employees on workplace conduct/disciplinary practices.

### COMPANY ACTION PLANS

Action Plan no 1.

#### Description

1.Managing Director arranged training topic “How to become an excellent leader” by himself with Burmese translator Ms.Zin Mar Soe on 31 Jan – 1 February ,2017.

2 . Arranged 17 compliance policies to supervisors with “ Policy on Disciplinary Action”

#### Planned completion date

12/08/17

#### Company Action Plan Update

Mr.Chalumpon has follow up by himself by visit factory every month,

## FINDING NO.4

### IMMEDIATE ACTION REQUIRED

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

#### Finding Explanation

One young worker was 17.5 when they were hired on October 12, 2016; however, they have been working eight hours per day and overtime. Additionally no any health certificates have been obtained for this young worker. CL.3, ER.4, and HOW.5

#### Local Law or Code Requirement

The Factories Act (1951), Art. 77; FLA Workplace Code (Employment Relationship Benchmarks ER.4 and ER.29; Child Labor Benchmark CL.3; Hours of Work Benchmark HOW.5)

#### Root Causes

There is no mechanism to review worker documentation during the hiring process, thus, workers’ ages are not fully verified.

#### Recommendations for Immediate Action

1. Ensure strict implementation of an age verification process.
2. Ensure that if young workers are hired, the factory complies with all relevant legal requirements.

#### FLA's Recommendations for Sustainable Improvements

1. Ensure the worker age verification system is effectively implemented.
2. Ensure that factory shall comply with the child labor policy and procedure as well legal stipulates when hiring the young workers.
3. Provided the health examination to young worker and maintained a certifying doctor at the request of any child or young person, or his father, mother or guardian, or the director of the factory who wishes to employ him, examine the child or young person and ensure his ability to work.

### COMPANY ACTION PLANS

#### Action Plan no 1.

#### Description

HR manager assigned to Recruitment officer /Ms. Khaing Thazin Maw check the of birth with Myanmar calendar and compare to the international calendar before hiring .  
Which the new comer completed 18 years old.

#### Planned completion date

12/08/17

#### Company Action Plan Update

We follow up with checking by out internal audit .

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

#### Finding Explanation

During the probation period, three months, workers are paid 2,700 kyats/day. After three months they are paid at the minimum wage at 3,600 kyats/day. Thus, although it is legally allowed, during the probationary period workers are paid below the minimum wage C.3

#### Local Law or Code Requirement

National Minimum Wage Determination Committee Notification No. 2/2015; FLA Workplace Code (Compensation Benchmark C.3)

#### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements.
2. These issues have not been brought to the attention of the factory management during previous audits.
3. Factory practices are in line with local law and regulations, but are in violation of FLA requirements.
4. The factory does not adequately monitor the implementation of Compensation.

#### Recommendations for Immediate Action

Ensure that workers are provided with at least the minimum wage during the probationary period.

#### FLA's Recommendations for Sustainable Improvements

The factory shall review the wages and benefits policies and procedures and implementing to ensure that workers are paid at least the legal minimum wage (3,600 kyats/day) regardless of worker employment status in order to meet with the FLA requirements.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Pay 3,600.- Kyats / day to workers during probation .

#### Planned completion date

12/08/17

#### Company Action Plan Update

We paid 3,600 Kyats to the worker during probation start November 1, 2017 onward.

## FINDING NO.6

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Hours of Work

#### Finding Explanation

1. If workers take leave they do not receive additional allowances, such as the Individual Skill allowance. Thus, workers are effectively sanctioned for requesting or taking their leave. HOW.15
2. The factory have a system to record working hours on computerize/electronic time keeping systems; however, working hours records do not include break time, or identify workers under age 18. HOW.5
3. When production is urgent, the supervisors often demand that workers continue to work during break time or immediately after eating lunch. HOW.3
4. In cases where there is rush production, workers cannot refuse overtime. HOW.1

#### Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.3, HOW.5, and HOW.15)

#### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements.
2. These issues have not been brought to the attention of the factory management during previous audits.
3. The factory does not want to provide additional allowance such as the Individual Skill allowance when workers take leave.
4. The factory does not monitor the workers' rest time.
5. The factory does not adequately monitor the implementation or requested the overtime working hours to ensure that it voluntary.

#### Recommendations for Immediate Action

1. Ensure that when worker take leave, they are fully compensated, including additional allowances.
2. Cease the practice of requiring workers to work during lunch breaks.



3. Ensure that overtime is voluntary, and workers can refuse to perform overtime work.

#### FLA's Recommendations for Sustainable Improvements

1. Review and implement wages and benefits policies and procedures to meet the FLA Workplace Code of Conduct and Compliance Benchmarks.
2. Ensure that when worker take leave according to the laws, will not cut the additional allowance such as the Individual Skill allowance.
3. Ensure that the working hour records are identification of workers under age 18 and break time in the system.
4. Ensure that there is management oversight mechanism in place to avoid the supervisors often demand workers to work whether calls workers for meeting during break time or after lunch during break.
5. Set-up the monitoring system to ensure that workers are voluntary and able to refuse to perform overtime.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Every supervisors stopped demand workers to work during break time.
2. Innitial training have been arranged the Compliance Policies training to all supervisors both Thai and Myanmar Supervisors that have " Working Hours Policy " and explained more details which workers can do overtime with their voluntary .

#### Planned completion date

12/08/17

#### Company Action Plan Update

We have been trained 17 compliance policies which cover FLA's code of conduct to Managers & Supervisors both Thai & Myanmar on February 2-3, 2017.

## FINDING NO.7

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. Two workers who tried to organize a union were terminated on September 26, 2016. FOA.5
2. A Workplace Coordinating Committee (WCC) has been formed and two worker representatives were appointed by management; thus, the worker representative structure(s) is not independent from management interference. FOA.11
3. In August, 2016, there was a strike in the cutting department to deny additional work tasks, which lasted one day. The workers stopped working and sat on the floor. The strike ended when the management called the police to disrupt and frighten the workers. FOA.14
4. Following the termination of the two union leaders/activists, the remaining leaders were able to find replacements and continue organizing. Therefore, in every Saturday factory meeting, the management makes speech implying that forming a union is deleterious to the working environment, which can affect the lives of workers. HR has called union members to the office to question why they joined the union every Saturday. ER.26, FOA.1, FOA.2, and FOA.4
5. After dismissing the two workers who attempted to form a union, a case was brought to the township officer by factory management to discuss a compensation package for these workers. Four months' salary was offered as compensation to both workers, but they declined this offer. These workers have not yet been reinstated, as legally required. FOA.5, FOA.6, and FOA.9

#### Local Law or Code Requirement

The Settlement of Labour Dispute Law, Chapter 3, Article 3; FLA Workplace Code (Employment Relationship Benchmark ER.26; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.4, FOA.5, FOA.6, FOA.9, FOA.11, and FOA.14)

#### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements.
2. Management has a bad attitude regarding industrial relations and freedom of association, and does not support the right of workers to unionize.
3. The factory does not have a policy and procedure on industrial relations and freedom of association for regularly monitoring the relevant laws and regulations.

#### Recommendations for Immediate Action

1. Ensure that the workers who have been unjustly dismissed, demoted or otherwise suffered a loss of rights and privileges at work due

to an act of anti-union discrimination shall, subject to national laws, be entitled to restoration of all the rights and privileges lost, including reinstatement, if they so desire.

2. Ensure that workers are free to organize, establish, and join a trade union.

3. Cease any form of physical or psychological violence, threats, intimidation, retaliation, harassment, or abuse against union representatives and workers seeking to form or join a trade union.

4. Cease any acts of anti-union discrimination or retaliation.

#### FLA's Recommendations for Sustainable Improvements

The factory shall established a written policies and procedures on industrial relations and freedom of association and strongly commitment and implement this policy and procedure as well as regularly monitoring the relevant laws and regulations.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Arrange training After audit on 26 October, 2016 we 've arranged

1st. time training : Social Compliance Policies to supervisors & managers for more understanding .

With 1) Compensation & Benefit Policy, 2 ) Working hours/Overtime Policy,

3) Freedom of association /Worker Participation Policy , 4) Non-Discrimination Policy and 5)Non-Harassment & Abuse Policy on 16 December , 2016. And warining seriously 'stop fined 200 kyats" immediately and advised them that if supervisor would like to panalty have to follow our " Policy on Diciplinary action.

2.

2 nd. time training : arranged training the revision Social Compliance Policy that have total 17 policies such as 1)Child /Juvenile Labor Policy , 2) Recruitment & Hiring Policy , 3) Compensation & Benefit Policy , 4)Working Hours /Overtime Policy, 5)Freedom of Association /Worker Participation Policy, 6)Worker-Management Communication /Grievance Policy, 7)Policy on Disciplinary Action , 8) Non-Discrimination Policy, 9) Force Labor Policy, 10) Non-Harassment & Abuse Policy, 11) Training & Development Policy, 12) Career Development Policy, 13) Bribery & Corruption Policy, 14)Non-Retaliation Policy , 15)Policy on Performance Management , 16) Termination & Retrenchment Policy and 17) Safety , Health and Environmental Policy

2.Signed agreement .There was a meeting with all managers and supervisors. All the attendees signed on the following agreement.

2.1) We will start over again .

2.2)The workers have the right to establish the union.

2.3) We all have to love and trust the workers.2.4).We all have to be transparent, friendly and inclusive.

2.5) The workers have right to leave and we have explained to them reasonably. No discrimination is allowed in our workplace

3. MD random interview a worker on a monthly basis with topic

\*Worker 's satisfaction rating

\*How he/she travels to the factory ?

\*Does he/she know his/her wage is calculated?

\*Positive and negative aspects of the factory

\*What can the factory do to improve the satisfaction rating ?

#### Planned completion date

12/08/17

#### Company Action Plan Update

We have reinstatement the workers .

## FINDING NO.8

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Termination & Retrenchment

#### Finding Explanation

Even though the termination and retreatment procedure clearly mention that factory will arrange the consultation with the worker representatives in case of termination or retreatment, the factory does not implement this procedure before management reaches any final decisions on layoffs.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.32)

#### Root Causes



1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks.
2. This issue has not been brought to the attention of the factory management during previous audits.
3. Management does not see the benefits of arranging consultation meetings with workers or worker/union representatives before management reaches any final decisions on layoffs.

#### FLA's Recommendations for Sustainable Improvements

1. Ensure the termination and retreatment policy procedure are fully implemented to meet the requirements embodied in the FLA Workplace Code and Compliance Benchmarks.
2. Ensure that to arrange consultation meetings with workers or worker/union representatives before management reaches any final decisions on layoffs at any time.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Training team have arranged training 17 compliance policies to Supervisor & manager
2. Case of "Layoffs" Factory manager, HR manager, employer representative and worker representative will meet and investigate the case of termination or retreatment before pass information to top management final decisions .
3. MD visit factory every month and check status by meeting with factory manager and join meeting with the WCC .

#### Planned completion date

12/08/17

#### Company Action Plan Update

After Internal audit team 've visited factory on July 14, 2017. And my last visit on October 25, 2017 . There is not Termination & Retrenchment .

## FINDING NO.9

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. Disciplinary actions are not witnessed by a third-party during imposition.ER.27
2. There are seven cases where workers were forced to resign when they refused to respond to supervisors' aggressive instructions. ER.27a. There were 5 workers in embroidery section were forced to resign in April 29, 2016.b. There were 2 workers in cutting section were forced to resigned in August 16, 2016 with compensation 3 months and 1 month according to legal limits.
3. Workers receive constant verbal abuse by supervisors. In the morning of October 26th, workers were told to work as slaves, and threatened that if they disclosed anything to the auditors they would be in trouble. They were told that when the factory was closed, they would be nothing but stray dogs. A supervisor confirmed that supervisors sometimes verbally abuse to their subordinates and line leaders. H/A.1, H/A.2 and H/A.11
4. After the completion of the assessment, FLA assessors received phone calls from several workers who reported that factory management threatened workers with stricter regulations in retaliation for sharing information with the FLA assessment team.
5. Worker representatives are not involved in the development or review of the Workplace Conduct & Discipline policies and procedures. ER.25,
6. A line leader also confirmed that the workers are fined 200 Kyats if they did no turn in the attendance card and sign their name on the internal attendance record. H/A.2

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25 and ER.27; Harassment & Abuse Benchmarks H/A.1, H/A.2, and H/A.11)

#### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements.
2. These issues have not been brought to the attention of the factory management during previous audits.
3. The factory does not monitor the relationship between workers and supervisors.
4. The factory does not monitor the implementation of disciplinary and employee resignation procedures.
5. The factory does not see the benefits of the worker representatives involve in the development or review of the Workplace Conduct & Discipline policies and procedures.

6. The factory does not monitor the implementation of disciplinary procedures.

#### Recommendations for Immediate Action

1. Cease the practice of forcing workers to resign in cases of disagreements with supervisors.
2. Ensure non-harassment and non-retaliation for workers who participated in the FLA SCI assessment. (Punishment of workers for assisting with FLA's due diligence exercise runs counter to FLA's core mission of protecting workers' rights worldwide. Factory management's cooperation with FLA on this point is paramount.
3. Cease any form of abuse, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline.
4. Cease the practice of monetary fines (off-the-record or otherwise) for violating company regulations as per FLA Workplace Code of Conduct and Compliance Benchmarks.

#### FLA's Recommendations for Sustainable Improvements

1. Implement the workplace conduct/discipline policy and procedures and ensure that disciplinary actions are not witnessed by a third-party during imposition.
2. Ensure that there is management oversight mechanism in place to avoid force against employees when they resign.
3. Ensure that there is management oversight mechanism in place to avoid harassment, abuse, against employees.
4. Ensure that there is management oversight mechanism in place to avoid the practice of monetary fines (off-the-record or otherwise) for violating company regulations as per FLA Workplace Code of Conduct and Compliance Benchmarks.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Stops verbal abuse by supervisors / . We have arranged serious meeting with HR Manager , Factory Manager and also needed them stop \* verbal abuse and force worker
2. Stops monetary fines /Arrange training to supervisors on "Force Labor " + "Non-Harassment & Abuse Policy"
3. Arrange training to Force Labor Policy + Non-Harassment & Abuse ./ .Follow up by management every month which MD will random interview worker by himself .
4. Arranged internal audit Labor & Safety/ Arrange internal audit 2 times / year to topic social compliance polices with random interview by Social Compliance team from Bangkok , THAILAND

#### Planned completion date

12/08/17

#### Company Action Plan Update

Last time visited factory September 25 - October 25,2017 . We have not found verbal abuse by supervisors .

## FINDING NO.10

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Grievance System

#### Finding Explanation

The factory does not involve any worker representatives in the development or review of the Grievance System policies and procedures.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25)

#### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements.
2. When it created the disciplinary procedure, the factory underestimated the roll of the Grievance System and the need for the participation of worker representatives.
3. The findings noted above have not been brought to the attention of factory management during previous external audits.

#### FLA's Recommendations for Sustainable Improvements

Involve worker representatives in the development and review of all policies and procedures.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. After we finished election WCC on 17 November, 2016 and announced nominate on 21 November, 2016 . First time meeting on 14 December, 2016 . And continue meeting every month .

2. Arranged training " Grievance procedure " detail of "Worker-Management Communication /Grievance Policy" to all workers

#### Planned completion date

12/08/17

#### Company Action Plan Update

1. WCC still keep on going monthly meeting.
2. Already trained on 23 February, 2017.

## FINDING NO.11

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Environmental Protection

#### Finding Explanation

1. Factory have not identified whether onsite operations generate negative environmental impacts. ER.31
2. Factory has not made any effort to reduce environmental impact. ER.31
3. The environmental policies and procedures are not periodically reviewed. ER.1 and ER.31
4. Three Diesel drums used for generator fuel are stored in a small metal secondary container; however, it is not nearly sufficient to contain leaks from these drums. HSE.9
5. Solid waste is segregated and put in plastic bags; however, some of these plastic bags are left lying on the floor. There are no specific location in the waste storage area, where solid waste is grouped by type and stored prior to disposal. HSE.1

#### Local Law or Code Requirement

The Factories Act, 1951, Chapter III Health Sec 14; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmark HSE.1)

#### Root Causes

1. These issues have not been brought to the attention of the Factory management in previous audits.
2. The Factory is not aware of FLA Code and Compliance Benchmark and legal requirements.
3. The factory does not have internal monitoring and trained resource on social compliance.
4. Workplace safety is not embedded in the factory operations.

#### FLA's Recommendations for Sustainable Improvements

1. Identify operations where there is significant impact to environment.
2. Identify and prioritize actions (waste, water, chemicals, energy) to reduce environmental impact.
3. Post appropriate signage about worker carrying weight limits and storage racks.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. We have arranged waste management process .
2. Follow up the
3. Posted the Maximum weight at the storage rack. Capacity Max : 2,000 .-Kgs.

#### Planned completion date

12/08/17

#### Company Action Plan Update

From my last visited factory by factory still constant condition .

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health &amp; Safety

Finding Explanation

1. The first aid kit in the warehouse area is not fully stocked. HSE.6
2. The signs marking the fire alarms in the warehouse area are too small. HSE.5
3. There are no illuminated exit signs in the cutting section and canteen. The exit sign at the embroidery room is not illuminated HSE.5
4. The emergency evacuation plan in the cutting section is too small to be easily read. HSE.5
5. Some aisle markings and emergency evacuation direction signs are broken and faded in the cutting and sewing sections. HSE.5
6. Emergency direction signs in the sewing section all point towards the front, and may result in congestion during evacuation. HSE.5
7. There is a gap on the side of the stairs in the canteen leading to the living quarters. HSE.5
8. There is no revolving fire alarm light at the embroidery room. HSE.5
9. The generator does not have a "no exit" sign. HSE.5
10. Doors in the living quarters, near the canteen, do not open in the direction of evacuation. HSE.5
11. The factory has not conducted a third party risk assessment. HSE.5
12. The factory does not have a formalized fire brigade. HSE.5

Local Law or Code Requirement

The Factories Act, 1951, Chapter IV Safety Sec 34, Sec 40, Sec 47; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.6).

Root Causes

1. These issues have not been brought to the attention of the Factory management in previous audits.
2. The Factory is not aware of FLA Code and Compliance Benchmark.
3. The factory does not have internal monitoring and trained resource on social compliance.
4. There is a lack of HQ oversight on the factory compliance performance.
5. Workplace safety is not embedded in the factory operations.

Recommendations for Immediate Action

1. Ensure that first aid kits are fully stocked.
2. Ensure that all fire Alarm signs are visible. As a good practice, signs should be visible from 30m (100 feet).
3. Ensure all exits have illuminated exit signs.
4. Ensure all aisles (main and sub-aisles) are clearly marked.
5. Ensure emergency directional signs and evacuation plan safely direct workers to the nearest emergency exit route.
6. Perform construction work to eliminate gap on the stair leading to the living quarters.
7. Install a revolving emergency light to alert workers when the fire alarm is used.
8. Install a "no exit" sign at the Generator area.
9. Change the direction of the doors at the living quarters.
10. Commission a third party fire risk assessment
11. Establish a fire brigade.

FLA's Recommendations for Sustainable Improvements

1. Establish Standard Operating Procedure (SOP) on Emergency Preparedness and fire safety.
2. Conduct training to appropriate management employees, including supervisors, line leaders, managers and workers on EHS SOP.
3. Define individual/teams responsible in ensuring that Factory meets EHS requirements.
4. Establish reporting mechanism on EHS performance to Factory executives, and HQ.
5. Put EHS on job descriptions of appropriate management employees.

## COMPANY ACTION PLANS

## Action Plan no 1.

Description

Install the safety sign on factory area and install first aid kit in the fabric warehouse.

Details

Planned Completion Date

12/28/17

Planned completion date

12/08/17

Company Action Plan Update

There are some areas did not finish yet.

## FINDING NO.13

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. While lifting belts are provided to workers who perform lifting work, One person in the warehouse was carrying a roll of fabric without a lifting belt. HSE.7 and HSE.17
2. The warehouse does not have manual carrying limits posted. Additionally the storage racks do not have weight capacity signs. HSE.1
3. A portable ladder is used in the warehouse to reach the top storage rack. Workers do not have any fall protection when using the portable ladder. HSE.7
4. Workers in the warehouse area are not provided with safety shoes. HSE.7
5. Some workers in the embroidery room do not wear earplugs . HSE.7 and HSE.8
6. Standing workers in cutting and quality control in the sewing section are not provided with anti-fatigue mats. No resting arrangements are provided to standing workers. HSE.17
7. Chairs are not adjustable and do not have back support. HSE.17
8. Five of the heat transfer machines in cutting do not have warning signs in the local language. HSE.14
9. The warning sign on the exhaust fan in the cutting section is too small. HSE.14
10. The warning signs for the automatic sewing machine and automatic cutting machine in the sewing section is not in the local language. HSE.14
11. Safety procedures are not posted on some special machines in the cutting section. HSE.14
12. A risk assessment has not been conducted for the laser cutting machine. HSE.14
13. The ladder in the generator room does not have a safety enclosure. HSE.14
14. The employees with maintenance responsibilities do not received specific training on maintenance safety. HSE.14

##### Local Law or Code Requirement

The Factories Act, 1951, Chapter V Welfare Sec 46; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.7, HSE.8, HSE.14, and HSE.17)

##### Root Causes

1. The findings noted above have not been brought to the attention of factory management during previous external audits.
2. The factory lacks awareness of and is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks.
3. The factory does not have internal monitoring and trained resource on social compliance.
4. There is a lack of HQ oversight on the factory compliance performance.
5. Workplace safety is not embedded in the factory operations.

##### Recommendations for Immediate Action

1. Ensure workers in the warehouse are provided with, and use, lifting belts when lifting materials.
2. Ensure workers using the portable ladder are provided with a fall protection harness.
3. Ensure workers in the warehouse are provided with safety shoes.
4. Ensure workers wear earplugs while working in the embroidery room.
5. Ensure Heat Transfer machines, and all special machines have warning signs and safety procedure attached to the machines.
6. Conduct a risk assessment for the laser cutting machine.
7. Install a larger warning sign on the exhaust fans in the cutting area.
8. Install a safety enclosure on ladder near the generator room.

##### FLA's Recommendations for Sustainable Improvements

1. Establish Standard Operating Procedure (SOP) on PPE, machine safety, and Ergonomics
2. Conduct PPE training to appropriate management employees, including supervisors, line leaders, managers and workers.
3. Train relevant management staff and workers on ergonomics and machine safety.
4. Define individual/teams responsible in ensuring consistent education, implementation and monitoring of PPE use, machine safety, and ergonomics
5. Establish reporting mechanism on EHS performance to Factory executives, and HQ.
6. Provide anti-fatigue mats to workers performing work on a standing position.
7. As per legal requirement, provide standing workers with chairs.
8. Provide adjustable chairs with back support to workers.
9. Establish Standard Operating Procedure (SOP) on Risk Assessment process

10. Provide training to Maintenance personnel. Established the training and ensure that specific training on maintenance for the employees with maintenance responsibilities and conducted regularly basis.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Provide workers protection and arrange training to Supervisors .

Planned Completion Date

10/31/18

#### Planned completion date

12/08/17

#### Company Action Plan Update

50 % progress .

## FINDING NO.14

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Electrical wires in the warehouse are by electrical tape and lying on the floor. HSE.13
2. There is no warning sign on the electrical panel in cutting and sewing area. HSE.13
3. There is loose electrical wiring on the floor of the cutting area. HSE.13
4. There is an open electrical panel with various unsecured wires in the water pump area HSE.13

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.9 and HSE.13)

#### Root Causes

1. These issues have not been brought to the attention of the Factory management in previous audits.
2. The Factory is not aware of FLA Code and Compliance Benchmark.
3. The factory does not have internal monitoring and trained resource on social compliance.
4. There is a lack of HQ oversight on the factory compliance performance.
5. Workplace safety is not embedded in the factory operations.

#### Recommendations for Immediate Action

1. Ensure electrical wiring is secured and ensure that wires are not lying on floor unprotected. For spliced electrical wires, use heat shrink tubing instead of electrical tape.
2. Mark electrical panels with warning sign in the local language.
3. Provide secondary containment for the generator diesel.

#### FLA's Recommendations for Sustainable Improvements

1. Establish Standard Operating Procedure (SOP) on Electrical Safety.
2. Train Maintenance Staff and related Management staff on SOP.
3. Define individual/teams responsible in ensuring consistent education, implementation and monitoring of Electrical Safety and Chemical Storage
4. Establish Standard Operating Procedure (SOP) on Chemical Storage/Secondary Containment.
5. Train relevant management staff and workers on Chemical Storage.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Arrange Maintenance Safety.

Details



Planned Completion Date  
12/28/17

Planned completion date  
12/08/17  
Company Action Plan Update  
50% Progress.

## FINDING NO.15

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The toilets have strong smell, some urinals are not functional, and the floor is slightly flooded. HSE.19 and HSE.20
2. The factory only conducted one drinking water test per year in 2015 and 2016, by drinking water testing should be conducted twice per year. HSE.23
3. There are no drinking water stations for the warehouse and embroidery section. Workers have to go inside the factory to get water. HSE.23
4. Kitchen waste is stored in a plastic drum, but it is not protected from the weather. HSE.1
5. There is an open waste bin in kitchen. HSE.19 and HSE.22
6. The kitchen waste bin does not have a cover, cooking oil containers are left on the floor, and plastic containers are left scattered in the canteen. HSE.19
7. A broom and pan are stored next to the kitchen gas tank, and a plastic container was left on top of the gas tank. HSE.19
8. There is no childcare facility, as legally required. HSE.1

##### Local Law or Code Requirement

The Factories Act, 1951, Chapter V Welfare Sec 49, Sec 50, Chapter III Health Sec 20, Sec 21; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.19, HSE.20, HSE.22, and HSE.23)

##### Root Causes

1. These issues have not been brought to the attention of the Factory management in previous audits.
2. The Factory is not aware of FLA Code and Compliance Benchmark.
3. The factory does not have internal monitoring and trained resource on social compliance.
4. There is a lack of HQ oversight on the factory compliance performance.
5. Workplace safety is not embedded in the factory operations.

##### Recommendations for Immediate Action

1. Ensure toilets are functional and properly maintained.
2. Ensure water test are conducted at least two times per year.
3. Provide additional water stations in the warehouse and embroidery sections.
4. Provide a childcare facility.

##### FLA's Recommendations for Sustainable Improvements

1. Establish Standard Operating Procedure (SOP) on Toilet Maintenance, Drinking water, and Waste Management.
2. Conduct Training to relevant management personnel on SOP.
3. Conduct Training to workers on proper use of Toilet
4. Establish reporting mechanism on performance to Factory executives, and HQ.
5. Train relevant management staff and workers on waste management
6. Define individual/teams responsible in ensuring consistent education, implementation and monitoring on waste management
7. Ensure kitchen area are organized and clean.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Arrange Health & Safety art Canteen,  
Details

Planned Completion Date

01/31/18

Planned completion date

12/08/17

Company Action Plan Update

The toilet we have arrange two time / days cleaning and checking everyday by HR manager. And the orther issued are 50 % progress .