



COMPANIES: MV Sport - The Game Inc.

COUNTRY: Vietnam

ASSESSMENT DATE: 11/27/17

ASSESSOR: FLA China

PRODUCTS: Apparel

NUMBER OF WORKERS: 336

FLA Comments

This report was submitted to the FLA and the FLA affiliated company by the assessor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the risks and noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.

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 well established policies and procedures for the following Employment Functions: Recruitment, Hiring and Personnel Development, Compensation, Hours of Work, Termination and Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Grievance System. For example: ER.32
 - a. There is no procedure to reassign and promote workers within the factory to ensure fairness and non-discrimination. ER.28, ER.29, ER.30
 - b. The recruitment procedure is not detailed enough to detect fake documents or child labor. For example, the procedure only says that the HR staff will check the reality of the application profile but it does not include detailed steps on how to check the authenticity of documents or steps to verify the age of the candidates, such as reviewing workers' original ID cards or cross checking information stated in the personnel files with workers' testimonials from hiring interviews. ER.4, CL.1
 - c. The factory does not have procedure to corroborate time records to ensure accuracy. ER.1, ER.23
 - d. The termination payout procedure does not include methods to ensure that accurate payout is provided. ER.19
 - e. There are no Industrial Relations procedures for dialogue or for labor conference meetings, as legally required. ER.25
 - f. The disciplinary procedure does not include an appeal process. ER.27
 - g. The factory has not established a grievance policy and the procedure is missing the date of establishment and manager approval. ER.1, ER.25
2. The Health and Safety procedure lacks the following information:
 - a. A procedure for carrying heavy goods or handling carts;
 - b. A procedure for working at height, in confined spaces, or in high temperatures;
 - c. An evacuation procedure for visitors, suppliers, or special workers;
 - d. An asbestos control procedure for heat protective mats used in the sample warehouse;
 - e. A procedure to control blood pathogens;
 - f. A reproductive health procedure;
 - g. A procedure to provide safety information to suppliers and subcontractors;
 - h. A procedure for electric system maintenance;
 - i. A procedure for the regular inspection of smoke detectors;
 - j. A procedure to control the load ability of materials on shelves;
 - k. A procedure for purchasing suitable personal protective equipment (PPE) to protect workers from health & safety risks.
 - l. Steps for workers to raise health and safety concerns. ER.31, HSE.1, HSE.12,

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.4, ER.19, ER.23, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31 and ER.32; Nondiscrimination Benchmark ND.8; Health, Safety & Environment Benchmark HSE.1, and HSE.12; Child Labor Benchmark CL.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory to develop written procedures for promoting workers in a fair and non-discriminatory manner.

Company Action Plan Update

Factory has developed written procedures for fair and non-discriminatory promotions.

Policies/Procedures - see file

Action Plan no 2.

Description

Factory has updated their HR policies and procedures captured in the attached file.

Factory to update HS policies and procedures

Company Action Plan Update

Factory has updated their HR policies and procedures captured in the attached file.

Factory has updated HS policies and procedures captured in the attached file.

Action Plan no 3.

Description

Labor contract now includes information on termination payouts

Company Action Plan Update

See attached files

Action Plan no 4.

Description

Company Regulations that include disciplinary procedures

Company Action Plan Update

Company regulations that include disciplinary procedures

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory gives new production workers 30 days of probation instead of six days. The law states that simple jobs, including production jobs, should only have six days of probation. ER.1
2. The factory gives vocational training contracts to all new production workers including the workers handling simple jobs, such as

- packing, and skilled workers, whose jobs do not require the vocational training. ER.1, ER.13
3. There is no employment commitment included in the training contract that new production workers sign. ER.1, ER.13
 4. The factory does not hire young workers. The hiring age is from 18 years old while the legal working age is 15. ER.1, ND.2
 5. The factory asks female workers, especially those who are recently married, to sign a non-pregnancy commitment in the first six month of service. If they break the commitment, they are fired. No pregnant workers were fired during the review period. ND.6, ND.7
 6. The content of the labor contract follows the obsolete Circular No.21/2003. It is missing information on the employer's passport number, the residential address of employer, time in and out, tools required, details on PPE entitled and shelf life, details on break or rest time, wage increment frequency, and allowances. ER.10
 7. None of the positions in the factory have job descriptions. ER.1

Local Law or Code Requirement

Vietnam Labor Code 2013, Article 5, Article 8, Article 27; Decree 05/2015/ND-CP Article 4, Law No.74/2014/QH13 Article 39; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.10, and ER.13; Nondiscrimination Benchmarks ND.2, ND.6 and ND.7)

Recommendations for Immediate Action

1. Ensure that the probation period follows legal requirements.
2. Ensure that workers are not subject to the training period.
3. Establish an employment commitment into the training contract for new production workers.
4. Ensure that young workers are hired without discrimination.
5. Cease the discriminatory hiring and employment practices against pregnant workers.
6. Ensure that the content of the labor contract is updated as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. New production hires now have 6 days of probation, instead of 30. See files

Factory commits to finding suitable work for pregnant workers. Please see attached document.

2. Vocational contracts to be amended

7. Job Descriptions have been formulated. See file.

Company Action Plan Update

1. New production hires now have 6 days probation.
2. Vocational contracts are amended.
3. Employment commitment included in contracts are now signed.
4. Minimum hiring age is 15. No applicants have been under the age of 18, per factory.
5. Factory contests this finding
6. Labor contract updated
7. Job descriptions attached.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory has not set up an orientation training program for new workers. Although the factory trains new workers on the company's internal regulations and health and safety requirements, however, no written documents that outline the issues covered in briefings have been provided to workers. ER.15
2. The factory does not have a training program for supervisors for any of the Employment Functions. ER.17, ER.27
3. The factory does not provide ongoing training to workers on the following Employment Functions: Hiring and Recruitment, Compensation, Hours of Work, Termination and Retrenchment, Industrial Relations, Grievance System, and Workplace Conduct & Discipline. ER.1, ER.15, ER.25
4. The HSE training is not well conducted. For example:
 - a. The trainer who conducts the annual trainings and the orientation trainings on Health, Safety and Environment is not certified and has not taken a "Train the Trainer" training. ER.1, HSE.4
 - b. The factory has not trained two foreign managers on Health & Safety (Group 1). ER.1, HSE.1
 - c. There is no proof that the Group 5 is trained. The factory said that the training for Group 5 was conducted on November 17-18 but there is no training certificate. ER.1, HSE.1
 - d. The forklift driver does not have the legally required certificate for operating a forklift. HSE.1, HSE.4
5. There are no career certificates for the nurses in the clinic. HSE.1, HSE.4

Local Law or Code Requirement

Decree 44/2016/ND-CP Article 17, Article 18, Article 22; Decree 109/2016/ND-CP, QCVN 25/2015 Article 3.6; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, and ER.27; Health, Safety and Environment Benchmarks HSE.1 and HSE.4)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Recruitment Procedures

Company Action Plan Update

Recruitment Procedures have been updated. Factory has revised training procedures and provides training to workers as required

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory management does not review all policies and procedures on a regular basis. Some policies have not been reviewed since 2011, such as the environmental policy. ER.1

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The annual wage increment does not follow the registered wage scale. The difference between the wage skill levels is 10,000VND (0.44 USD) to 30,000VND (1.32 USD) instead of the legally required 5%. ER.1, C.1
2. There is no mechanism established for providing the protection to workers who allege violations of compensation laws, regulations, and procedures. C.19
3. Since there are no procedures for performance appraisals being linked to wage increments, the increments are heavily dependent on supervisors and managers. C.1, ER.30
4. The factory does not keep the appraisal documents for review to ensure fairness. Workers are not given access to their appraisals. ER.2
5. Based on interviews and document review, the factory does not assign females to the cutting machine operator position, so they are not entitled to the higher wages that this position earns. This is the difference between 50,000VND (2.21 USD) and 80,000VND (3.53 USD). ND.1, ND.3
6. The factory does not provide insurance and annual leave to workers when they are in the probation period. ER.22, ER.13
7. The factory pays incentives in cash out of the payrolls so the assessors could not verify whether they are fully paid or not. C.16, C.17
8. The factory requires workers to arrive at their work stations ten minutes prior to their standard starting time for a daily production meeting. However, this meeting is not considered part of working hours for payment. C.5, C.7
9. The factory uses 26 days in the formula to calculate the daily and hourly wages for overtime compensation. This practice can lead to insufficient overtime compensation for workers in months when the required working days are less than 26. C.5, C.7
10. The factory does not include fixed allowances in wages for annual leave compensation. Therefore, the annual leave compensation is insufficient. C.1, C.5
11. The factory does not regularly provide a childcare allowance to female workers who have a child/ children in the kindergarten age. The factory only provides female workers who have child/ children in the kindergarten age one payment at 50,000VND (2.20USD)/child and it is only processed once per quarter for all entitled workers. C.1, C.5, ER.22
12. The factory does not have a written agreement for the Labor Union fee to be deducted from workers' wages (20,000VND (0.88 USD) /month). C.11, C.12, FOA.24
13. The factory does not pay additional wages to the fire protection team for the responsibilities and fire protection training. C.1, C.5, ER.22
14. The factory does not pay an overtime rate from 7:00AM to 8:00AM even though the standard working time is from 8:00AM to 5:00PM. C.5, C.7
15. The factory does not allow workers to take annual leave themselves but arranges for all workers to use all of their annual leave during the downtime period so that the factory will not pay for downtime separately. If workers take leave by themselves, they have to take unpaid leave and their two day attendance allowance is deducted. HOW.12, HOW.13, HOW.15
16. The factory pays insufficient severance allowances to terminated workers as the factory does not include fixed allowances into wage for the severance allowance calculation. In addition, the factory has not paid severance allowances to at least two resigned workers. ER.19, ER.22
17. The factory has not provided an in-kind allowance to workers exposed to noisy working conditions. C.1, C.5, ER.22
18. Workers are not aware of how their wages and annual leaves are calculated. C.8, C.17

Local Law or Code Requirement

Vietnam Labor Code, Article 5, Article 93, Article 97, Article 111, Article 154, and Article 186.3; Decree 49/2015/ND-CP Article 7; Circular 47/2015/BLDTBXH Article 4, Article 8, and Article 14.4; Decree 79/2014/ND-CP Article 35; Circular 25/2013/BLDTBXH Article 2; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.13, ER.19, ER.22, and ER.30; Compensation Benchmarks C.1, C.5, C.7, C.11, C.12, C.16, and C.17; Hours of Work Benchmark HOW.12, HOW.13, and HOW.15; Non-Discrimination Benchmark ND.3; Freedom of Association Benchmark FOA.24)

Recommendations for Immediate Action

1. Ensure that the annual wage increment follows the registered wage scale.
2. Establish a procedure for performance appraisals to be linked to wage increments.
3. Ensure that workers have access to their own appraisal documents and ensure that the appraisal documents are available for on-site review.
4. Cease the discrimination of female workers for job assignments.
5. Provide insurances and annual leave for workers in the probationary period.
6. Ensure that all incentives are paid and shown in the payroll.
7. Ensure that working time follows the locals regulation and the labor contracts.
8. Compensate overtime based on actual working days when the required monthly working days are less than 26 days.
9. Include fixed allowances in wages for annual leave compensation.
10. Provide a monthly childcare allowance to female workers who have child/children of the kindergarten age.
11. Establish a written agreement outlining the Labor Union fee deduction from wages.
12. Pay additional wages for the fire protection team for responsibilities and training.
13. Pay the overtime rate for the time worked between 7:00AM to 8:00AM.
14. Ensure that workers can choose when to take annual leave.

15. Ensure that the severance allowance paid to terminated workers includes fixed allowances in wage calculations.
16. Provided an in-kind allowance to workers exposed to hazardous working conditions.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will investigate for specific 2017 violations and initiate any back pay due.

Factory to investigate all Compensation findings and remediate

Company Action Plan Update

Compensation and HOW findings remediated.

Action Plan no 2.

Description

- 1) Factory commits to follow the standard working time from 8:00 to 17:00 with Overtime from 07:00 to 8:00 paid as overtime rate.
- 2) Factory will investigate for specific 2017 violations and initiate any back pay due.

- 3) All compensation findings to be remediated.

Company Action Plan Update

HOW, Compensation, Appraisals findings have been remediated. Per factory correspondence July 2019, factory will abide by the incremental increases in wages per the registered wage scale. This has not been accomplished to date.

Overtime rates have been adjusted. See Compensation file.

Action Plan no 3.

Description

Factory will ensure severance allowance is paid at the legal rate immediately.

Factory to ensure all compensation, appraisal, etc findings are remediated

Company Action Plan Update

Findings for compensation, severance, appraisals etc. have been remediated

Action Plan no 4.

Description

Young An Vietnam does negotiate with the local workers association for common factory wide annual leave days as allowed by local law but workers always have right to take their unused annual leave at their will without any deduction.

Company Action Plan Update

These findings have been addressed in other sections, along with the required files.

Action Plan no 5.

Description

Regarding the finding about women not offered opportunities in the cutting areas: Factory doesn't assign working duties based on gender but based on abilities of the worker. We will clarify these YAVN hiring policies to our official factory policy manual and ensure all workers to be aware of this.

Company Action Plan Update

The majority of findings were remediated. Factory is still working on #1.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory does not provide workers a short break (ten minute tea breaks every two hours), violating the company's regulations. HOW.3
2. Pregnant workers in the 7th month or later work excessive regular working time (eight hours instead of seven). The factory said that they arranged these workers to work lighter jobs, such as trimming. However, the assessors observed that these workers still work the same jobs as other workers. ER.14, ND.8
3. The factory applies a buffer time of more than 15 minutes. HOW.1, ER.1
4. The factory does not retain the working hours records with time in and time out for resigned workers. ER.2, ER.32
5. The assessors noted inconsistencies with the overtime worked between the container loading/sealing records/goods issuance records and the provided time records and payrolls in July, August, and October. The provided time records and payroll show overtime only up to 17:30, while the goods issuance log books show that the the loaded containers leave the factory at 19:30, 20:30, or even at 23:30. The sealed container log book has pictures showing container loading and sealing being completed at night. Therefore, the actual working hours and compensation could not be verified. ER.23, HOW.1, C.5, C.6, C.15, C.16The factory does not provide a swipe card to new workers in the first few days. The line leaders manually record their working hours on attendance sheets and the HR staff then key in their working hours into the swipe card system few days after. ER.23, C.16
6. Female workers are not provided with menstruation breaks. HOW.4, C.1

Local Law or Code Requirement

Vietnam Labor Code 2013, Article 108.3, Article 155; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.14, and ER.23; Hours of Work Benchmarks HOW.1, HOW.3 and HOW.4; Compensation Benchmarks C.1, C.5, C.6, C.15, and C.16; Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Provide the short break to workers according to the company regulations.
2. Ensure that pregnant workers from 7th month work seven hours per day or that they work lighter jobs.
3. Ensure that the buffer time is less than 15 minutes or calculate buffer time into payment.
4. Maintain the working hours with time in and time out for resigned workers.
5. Ensure that actual working time and compensation are recorded on the provided time and payroll records.
6. Provide swipe cards to new workers in the first few days.
7. Provide menstruation breaks to female workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Updated the Sealed Container Log Book policy to now include time and date stamped pictures to ensure the actual working time of loading/sealing employees will be clearly displayed. 2. Factory will work with nominated forwarder company to ensure container/trailer will be delivered on time per their commitment within standard working hours.

Company Action Plan Update

Per Sumerra audit of 2018, union dues are no longer deducted from worker wages.

The majority of findings have been remediated with the exception of #6.

Action Plan no 2.

Description

Company policy amended to discontinue the cash Incentive payment. Updated policy is incentive payment will now be included within and itemized in the payroll.

Female workers must be provided menstruation breaks. Proof of such breaks to be communicated through written policy, communication to management, supervisors, and female workers, and worker interviews.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Worker violations of factory rules and regulations are named in front of their peers in daily meetings. H/A.1, H/A.5, H/A.6
2. One method of discipline is sweeping or cleaning the floor for one week for 10-15 minutes after working hours. This discipline is administered if there are multiple occasions of tardiness in a month or violations of the factory's rules. H/A.1, H/A.4, H/A.6
3. Another disciplinary method is a six month wage increment suspension, as outlined in the factory's policies and regulations. H/A.2, ER.27

Local Law or Code Requirement

Vietnam Labor Code 2013, Article 6; Decree No.05/2015, Art. 33; FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment or Abuse Benchmarks H/A.1, H/A.2, H/A.4, H/A.5, and H/A.6)

Recommendations for Immediate Action

1. Cease the practice of publicly naming workers who violate factory rules in daily meetings.
2. Cease the practice of making workers clean the floors as a form of discipline.
3. Cease the wage increment suspension as a form of discipline.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will retrain management on policy clearly indicating all the improper disciplinary practices. All workers will be instructed on the policy. If any violation found, it will be reported to factory manager directly or via hotline or suggestion mailbox.

Company Action Plan Update

Factory has updated company regulations

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory does not include a seniority allowance in the wage fund for the Labor Union fee contribution. FOA.1
2. The factory has not submitted the Labor Union fee and fund to the Federal Labor Union in a timely manner. The factory only contributed 100,000,000VND (4,415 USD) to the Federal Labor Union fund for 2017, which is about two-elevenths of the required amount (they had submitted the fee for two out of the 11 required months as of the assessment date). In addition, there is no provided proof that the factory contributed to the Labor Union fund or paid the Federal Labor Union in 2016. FOA.1, ER.26
3. There is no proof that workers who joined the factory in 2017 can freely join the Labor Union. Moreover, new workers can only join the labor union after passing the probationary period. FOA.10, FOA.11, FOA.13
4. The factory has not posted the Labor Internal Regulations, the Collective Bargaining Agreement (CBA), the dialogue meeting minutes, and the labor conference minutes on the work floor. Furthermore, the factory has not provided a copy of the CBA to unionized workers FOA.1, ER.16
5. The factory does not transparently communicate the Labor Union fee/fund spending and contribution to workers. ER.16
6. The factory does not provide an office or working tools to the Labor Union. FOA.15
7. 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
8. The factory has a trade union under the Vietnam General Confederation of Labor (VGCL) that was established on August 01, 2012. 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. FOA.11, FOA.12

Local Law or Code Requirement

Vietnam Labor Code, Article 74, Article 119.4, Decree 60/2013/ND-CP Article 12; Law No.12/2012/QH13 Article 26; FLA Workplace Code (Freedom of Association Benchmarks FOA.1, FOA.2, FOA.10, FOA.11, FOA.12, FOA.13, and FOA.15; Employment Relationship Benchmarks ER.16 and ER.26)

Recommendations for Immediate Action

1. Include the allowance and seniority allowance in the wage fund for the Labor Union fee contribution.
2. Ensure that the Labor Union fees and fund are submitted to the Federal Labor Union in a timely manner.
3. Maintain evidence of the workers' election of Labor Union representatives.
4. Ensure that new workers can freely attend the Labor Union.
5. Post the Internal Labor Regulations, Collective Bargaining Agreement (CBA), and the minutes of the dialogue meeting and labor conference on the work floor. Provide a copy of the CBA to unionized workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The CBA should be posted and available to workers along with the Labor Internal Regulations. Union fees to be eliminated from payroll

Company Action Plan Update

Labor Contract attached. Sumerra audit - "closed finding" regarding union fees

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker involvement component is missing across the following Employment Functions: Compensation, Termination, Industrial Relations, Grievance System, and Health & Safety. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. ER.1, ER.16, ER.25, ER.32, C.17, HSE.2

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, and ER.32; Compensation Benchmark C.17; Health, Safety & Environment Benchmark HSE.2)

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

The suggestion box system is not an effective method for finding grievances. There has not been a grievance raised through the suggestion box in the past ten years. The factory does not explore other grievance channels to more effectively listen to workers' grievances. Based on workers interviews, the workers do not trust the suggestion box because they do not think the factory would address their concerns. ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not post the loading capacity limits on all shelves in the workshop and in the warehouses. Approximately 10% of shelves are overloaded. HSE.1, HSE.14
2. Workers do not elect the representatives of Group 6. Instead the factory and the labor union nominate them and all of the representatives are line leaders. The Representatives of Group 6 are the ones who take care of health and safety on the work floor. HSE.1, ER.31
3. The factory places packed products on the floor in the finished goods warehouse. HSE.1, HSE.19
4. The factory has not effectively identified confined spaces or specified safe working conditions for workers in the confined spaces. HSE.1
5. The factory does not set a speed limit for vehicles inside the factory. HSE.1
6. There is not a separate pedestrian walk way in the main yard. Assessors observed a near-miss case during the walk-through when the door of a container almost hit a worker walking in the main yard. HSE.1
7. The assessors observed high levels of noise, 89 decibels, in the sewing and embroidery sections during the walkthrough. HSE.13
8. The wastewater treatment tanks are not equipped with handrails and covers. The tanks are about two meters deep to protect workers from falling down. HSE.14
9. The factory has not conducted building safety inspections to confirm the building's structural integrity. The assessors found severe horizontal cracks on the pillars in the female bathroom. HSE.1
10. One of two doors of the male bathroom is broken. HSE.20
11. The factory does not provide sufficient toilet paper to workers. Each worker receives one roll of toilet paper a month. HSE.20

Local Law or Code Requirement

Vietnam Labor Code, Article 138.1; Law No.84/2015/QH13 Article 74; QCVN 01/2011/BCA, Article 3.1; Decree 46/2015/ND-CP Article 29.2;

Recommendations for Immediate Action

1. Post the loading capacities on all shelves.
2. Ensure representatives of group 6 include workers as legally required.
3. Do not place packed products on the floor in the finishing store.
4. Adequately identify confined spaces and specify safe working condition for workers.
5. Set the speed limit for vehicles inside the factory.
6. Establish a separate walkway for pedestrians in the main yard.
7. Control the noise in the sewing and embroidery sections.
8. Equip handrails and cover the waste water treatment tanks.
9. Conduct regular building inspections to ensure the building's structural integrity.
10. Repair the doors in the men's bathroom.
11. Provide sufficient toilet papers to workers.

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not attached a label with the user's name on tag guns, which are shared among the users, which posed the blood pathogen risks to the users. HSE.1, HSE.14
2. 20% of workers have not tightened their scissors to their work stations in the inspection section, which poses a blood pathogen risk and a physical risk. HSE.1, HSE.14

Local Law or Code Requirement

Vietnam Labor Code, Article 138.1; Law No.84/2015/QH13 Article 18; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.14)

Recommendations for Immediate Action

1. Attach that each tag gun is labeled with the user's name and ensure that tagging guns are not shared among workers.
2. Tighten all scissors to the work station in the inspection section.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Tag guns to be labeled with user's names. Scissors to be tethered to work stations to prevent injuries.

Company Action Plan Update

All of the above were verified during the Sumerra 12-18-18 Audit

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has narrow work stations in the quality control area and the ironing area, which pose musculoskeletal disorders (MSD) risks to workers. HSE.1, HSE.17
2. The factory has not provided workers with adjustable chairs with cushions and back rests. HSE.17
3. The factory has not provided anti-fatigue mats to Quality control and ironing workers, whose work require long periods of standing. HSE.17
4. Assessors observed a high percentage of miscarriages during the review period (more than 10 cases). Assessors also observed that pregnant workers doing physically demanding work, such as transferring and handling goods. HSE.1, HSE.12, ND.8

Local Law or Code Requirement

Vietnam Labor Code, Article 138.1; Law No.84/2015/QH13 Article 18; Vietnam Labor Code, Article 155;

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.12, and HSE.17; Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Arrange work stations with sufficient space in the workshops.
2. Provide workers with adjustable chairs with cushions and back rests.
3. Provide anti-fatigue mats to quality control and ironing workers.
4. Arrange suitable work for pregnant workers to ensure that they are not engaged in work that constitutes a substantial risk to their reproductive health.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Pregnant women working in higher risk areas, some women (more than 10 cases) doing demanding work. Pregnant women need to be moved to lighter work areas.

Action Plan no 2.

Description

Auditor observed a high percentage of pregnant women worked in higher risk areas. Pregnant women to move to lighter work areas.

Company Action Plan Update

File indicates women signing to work in lighter areas.

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory uses repair tape for about 10% of the electric wires. Also, electric wires in sample warehouse are not put in conduits. HSE.1, HSE.13
2. The factory has not grounded dryers and fans in the workshops. HSE.13, HSE.14

Local Law or Code Requirement

Vietnam Labor Code, Article 138.1; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.13 and HSE.14)

Recommendations for Immediate Action

1. Cease using repair tape for electric wire connections and ensure that electric wires are put in conduits.
2. Ensure that all machines are grounded.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory to stop using electrical tape for wires, conduits to be used to cover all electrical wires. Dryers and fans need electrical grounding

Company Action Plan Update

All of the above were verified during a Sumerra Audit 12-18-18

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The MSDS for chemicals used in the wastewater treatment plant is not the one that was originally provided by the suppliers. In addition, the factory does not have an MSDS for the dirty oil in the waste storage area. HSE.9, HSE.10

Local Law or Code Requirement

TCVN 5507:2002, Article 4.1.3; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.9, and HSE.10)

Recommendations for Immediate Action

Provide accurate MSDS for chemicals used in the wastewater treatment plant. Post the MSDS for the dirty oil in the waste storage area.

FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not attach warning signs in the local language on the embroidery machines. HSE.14
2. There is no sign posted on the work floor requiring workers to wear PPE during working hours. HSE.14
3. Approximately 10% of the needle guards on the sewing machines are installed too high or in the wrong position so that they cannot adequately protect workers. HSE.14
4. The factory has not installed the proper guards on all button snapping machines. They are too high and fixed to the machines so that the protection mechanism is not functional. HSE.14
5. The factory does not have a cover on one of the two dryers used in the trimming section. HSE.14
6. The workers who use the high-speed machines do not use eye guards. HSE.7
7. The factory does not install rearview mirrors on the forklift. HSE.14
8. The workers operating the ironing machines with one hand, which poses a burning risk. HSE.14

9. The factory has fans installed too low next to the workers' heads in the sewing section. The workers do not wear hairnets, which poses a physical risk to workers. HSE.13

Local Law or Code Requirement

Vietnam Labor Code, Article 138.1; Law No.84/2015/QH13 Article 18; Circular 04/2014/BLDTBXH Article 6; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.7, HSE.13 and HSE.14)

Recommendations for Immediate Action

1. Post warning signs in the local language on all the embroidery machines.
2. Post safety signs on the work floor requiring workers to wear PPE.
3. Properly install needle guards on the sewing machines.
4. Equip proper guards on all button snapping machines.
5. Equip covers for all the dryers.
6. Train and ensure that workers who use the high-speed machines use eye guards.
7. Install rearview mirrors on the forklift.
8. Ensure that the ironing machines are operated with two hands to protect workers from burning risk.
9. Properly install fans in the sewing section to eliminate the physical risk to workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Warning Signs required

Company Action Plan Update

Warning sign provided

FINDING NO.17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not inspected about 50% of the fire extinguishers regularly since June 2016. HSE.6
2. The factory puts finished goods against the walls and electric wires in the finished goods warehouse. HSE.19
3. The factory has not installed sprinklers or automatic fire extinguishers in the workshops. HSE.6
4. The fire alarm sounds similar to the break alarm and the anti-theft alarm. Also the sound is weak so it is difficult to recognize the fire alarm. HSE.5
5. Vehicles are blocking all the fire extinguishers in the parking area. HSE.6
6. The factory has not installed a fire extinguisher on the forklift. HSE.6
7. There is no record to prove that the leakage from the fire water tank was fixed properly as requested by the fire police in the authority inspection report on July 27, 2017. HSE.6
8. The factory has not assigned a leader or vice leaders to the fire-fighting team. HSE.6
9. The factory has not installed an emergency light in the fire water pump area. HSE.5

Local Law or Code Requirement

TCVN 7435-2:2004 Article 4.3.1; TCVN 7435-1:2004 Article 5.4; Decision 2726/QĐ BKHCN Article 5.1.2, Article 10.1.6; QCVN 01/2011/BCA Article 3.1; Decree 79/2014/ND-CP Article 4.1.3; FLA Workplace Code (Health Safety & Environment Benchmarks HSE.5, HSE.6, and HSE.19)

Recommendations for Immediate Action

1. Inspect all fire extinguishers every six months.
2. Properly store finished goods in the warehouse.
3. Install sprinklers or automatic fire extinguishers in the workshops.
4. Ensure that the fire alarm sound is loud and distinguishable from the break alarm and the anti-theft alarm.
5. Ensure that all fire extinguishers are freely accessible.
6. Install a fire extinguisher on the forklift.
7. Maintain records to prove that the leakage from the fire water tank has been properly fixed.
8. Assign a leader and vice leaders to the fire-fighting team as legally required.
9. Install an emergency light in the fire water pump area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Install sprinkler system

Company Action Plan Update

Sprinkler system installed

FINDING NO.18

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not provide safety shoes to the cutting operators. HSE.7
2. The factory does not have industrial eye wash stations. Instead, they use hand-made ones in the chemical storage areas. HSE.7, HSE.9
3. The factory only provides workers with one or two masks per year, which is insufficient. Therefore, most of the sewing workers have to provide extra masks themselves. HSE.7

Local Law or Code Requirement

Circular 04/2014/BLĐTBXH Article 5, Article 6; Circular 19/2016/BYT Article 5.2; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.7 and HSE.9)

Recommendations for Immediate Action

1. Provide safety shoes to cutting operators.
2. Install industrial eye wash stations in the chemical use areas.
3. Provide workers with a sufficient number of masks.

COMPANY ACTION PLANS

Action Plan no 1.

Description

PPE Procedures

Company Action Plan Update

PPE Procedures

Action Plan no 2.

Description

PPE Procedures

Company Action Plan Update

PPE Procedures

FINDING NO.19

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not provide occupation and recruitment health checks to workers. Recruitment health checks are not included the sub-clinical health check. HSE.1
2. The factory has not tracked or monitored any chronic illnesses and accidents. HSE.1, HSE.3, ND.12

Local Law or Code Requirement

Law No.84/2016/QH13 Article 21; Circular 19/2016/BYT Annex 2; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.3; Non-discrimination Benchmark ND.12)

Recommendations for Immediate Action

1. Provide occupation and recruitment health checks to workers and ensure that the recruitment health check is included in the sub-clinical health check.
2. Track and monitor worker health, as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Health Checks conducted

Company Action Plan Update

Sumerra Audit of 12-18-18 corrected finding

FINDING NO.20

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory has not installed a cover for the wastewater treatment tank. HSE.1, HSE.19
2. The factory does not post a label for solid waste in the storage areas.HSE.1, HSE.9

3. The factory stores dirty paint outside without a shelter. HSE.1, HSE.9
4. The factory does not immediately clean oil stains in the generator areas. HSE.1, HSE.9
5. The factory has not properly installed a secondary containment to prevent oil spills from discharging into the environment. HSE.1, HSE.9
6. The factory has not installed a bottom valve for discharging rain water from the secondary containment of the generator oil tank. HSE.1, HSE.9

Local Law or Code Requirement

Law No.55/2014/QH13 Article 58, Article 68; TCVN 5507:2002 Article 8.6; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.9 and HSE.19)

Recommendations for Immediate Action

1. Install a cover for the wastewater treatment tank to protect from rainwater.
2. Post a label for solid waste in the storage areas.
3. Ensure that dirty paint is put under a shelter.
4. Immediately clean the oil stains in the generator areas.
5. Properly install secondary containment to prevent oil spills discharging into the environment.
6. Install a bottom valve for discharging rain water from the secondary containment of the generator oil tank.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory to address environmental incidents identified in audit

Company Action Plan Update

Factory to provide verifying documentation that addresses environmental incidents identified in the audit.