



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fenix Outdoor International AG
COUNTRY: Vietnam
ASSESSMENT DATE: 12/09/16
ASSESSOR: FLA China
PRODUCTS: Apparel
NUMBER OF WORKERS: 650

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. There are no written policy or procedures for Recruitment or Hiring. The current Recruitment process is not sufficiently detailed in order to identify falsified records or prevent child labor.
2. The specific training and personnel development program for each position and for personnel development is not established.
3. The performance review procedures is inadequate and does not include steps and processes, linkages to job grading, nondiscrimination, written feedback, or compliance with legal requirements.
4. There are no procedures on Hours of Work or the working hours of special category of workers. There is no procedure to calculate working hours for pregnant workers who are entitled to shorter regular working hours or for calculating their correct wages.
5. There is no procedure for calculating benefits. In the wage procedures, the regular overtime premium is calculated at 50% of the normal rate, instead of 150%, as legally required.
6. There is no policy or procedures on Industrial Relations or Termination & Retrenchment.
7. The procedures for Workplace Conduct & Discipline do not include a procedure for workers to appeal disciplinary actions.
8. The procedures for the Grievance System do not include a channel for workers to anonymously report concerns. There is also no guarantee of non-retaliation for workers who submit grievances.
9. The Environmental Protection procedures do not include steps to enable workers to raise environmental concerns, to report to the local department in case of environmental emergencies, or to protect workers who allege environmental violations.
10. There are no written procedures for Health and Safety, but some documents or systems exist. There is no SOP for each job. There is no protection for workers who raise health and safety concerns. There are no steps to ensure that all personnel, visitors, contractors, service providers, special category of workers are safely evacuated. There are no steps to ensure aisles remain clear for emergency evacuations. There are also no procedures for the roles and responsibilities of emergency personnel, what workers should do in case of injury, no phone number for medical assistance, or steps for reporting death, injury, illness, and other health and safety issues.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 97, Labor Code No. 10/2012/QH13 (2013), Art. 155; FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.14, ER.22; ER.23, ER.25, ER.27, ER.29, and ER.32; Child Labor Benchmark CL.1; Nondiscrimination Benchmark ND.8; Hours of Work Benchmark HOW.1 and HOW.5; Health, Safety and Environment Benchmarks HSE.1 and HSE.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1>In the recruitment policy we add in when HR dept receive/classify files, they will classify files and only accept the files decent

(fully file and the file were authenticated by authorities) will call for interview.
 Addition, the company will compare between copy record and original record to verify the file when receive is truth.
 The full file include (CV, job application, copy of identity card notarized, copy of registration book notarized, health certified, Relevant qualifications if available) 2.The factory has established the training and personnel development program for each position and for personnel development as FLA's request. 3.About compliance with legal requirement the factory have already followed compliance in "ASSESS TO LEGAL AND OTHER REQUIREMENTS PROCEDURE" in ISO 9001:2015 standard.
 The factory will set up the checklist to follow performance nondiscrimination, written feedback.
 4.attached file name (4. Regulation on salaries and bonuses)
 5.At the moment and so far, we have been paying our piece-rate workers at a normal piece-rate price + 50% extra. We don't have a better solution for the change so far. So we will not be able to take any action for this point, please note.
 6.attached file name (5. The factory regulation) (item16/chapter II)
 7.Apply procedure compliant/Grievance if the workers want to appeal disciplinary.(please see the attached file name 6. grievance/accuse procedure).
 8.attached file name (6. grievance/accuse procedure)
 9.Apply procedure compliant/Grievance if the workers want to raise environmental concerns.(please see the attached file name 6. grievance/accuse procedure)
 10.The factory has already written procedure operate machine safety.(watch attached file)
 To assure safety for visitor, contractors, service provider the people who contact directly with them will responsibility introduce for them about safety regulation on the factory.
 Addition the visitor, contractor... can easy twig base on sign safety, exit light, ... in the factory.
 The factory made emergency contact list and post on internal notification board and every department.

Company Action Plan Update

1>In the recruitment policy we add in when HR dept receive/classify files, they will classify files and only accept the files decent (fully file and the file were authenticated by authorities) will call for interview.
 Addition, the company will compare between copy record and original record to verify the file when receive is truth.
 The full file include (CV, job application, copy of identity card notarized, copy of registration book notarized, health certified, Relevant qualifications if available) 2.The factory has established the training and personnel development program for each position and for personnel development as FLA's request. 3.About compliance with legal requirement the factory have already followed compliance in "ASSESS TO LEGAL AND OTHER REQUIREMENTS PROCEDURE" in ISO 9001:2015 standard.
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FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate its labor regulations to workers.
2. The factory does not communicate the policy and procedures on the following Employment Functions to its workers: Recruitment, Hiring, & Personnel Development, Compensation, Grievance System, and Environmental Protection.
3. The factory only sometimes communicates to workers the policy and procedures on Hours of Work and Workplace Conduct. The factory only partly communicates to workers the policy and procedures on Health & Safety.
4. As there is no Termination and Retrenchment policy and procedure, the factory never arranges consultation meetings with workers or worker/union representatives before management reaches any final decisions on layoffs.

Local Law or Code Requirement

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1>attached file name (8. The program training) (item 1+10)
- 2.attached file name (8. The program training)
- 3.attached file name (5. The factory regulation) (item16/chapter II) and 9.The program training (item1)

Company Action Plan Update

- 1>attached file name (8. The program training) (item 1+10)
- 2.attached file name (8. The program training)
- 3.attached file name (5. The factory regulation) (item16/chapter II) and 9.The program training (item1)

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide workers, including supervisors, with any training on factory policies and procedures on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relationships, and Grievance Mechanisms.
2. The factory does not provide ongoing training to workers on Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, or Health & Safety.
3. The factory does not provide specific training for the relevant managers and supervisors on Workplace Conduct
4. The factory does not provide guidance on Health & Safety for subcontractors and suppliers.
5. In 2016, the factory did not provide training on personal protective equipment (PPE) to workers, including workers working with chemicals.
6. The factory does not provide training to canteen workers on food safety & hygiene.
7. The factory does not provide Health & Safety training to new workers or any workers designated in Group 4.
8. The factory does not provide chemical safety training to workers working with chemicals.
9. The factory did not train workers on Environment Protection in 2016; the last training provide was in September, 2015.
10. The factory does not provide orientation training to new workers.

Local Law or Code Requirement

Law No. 55/2014/QH13,Art. 110; Art.154; Art.155; Labor Code No. 10/2012/QH13 (2013), Art. 139; Art. 150; Circular No. 27/2013/TT-BLDTBXH on Providing for Occupational Safety and Hygiene Training (2013), Art. 4 ; Circular No. 04/2014/TT-BLDTBXH on Guiding Implementation of Regulations on Personal Protective Equipment (2014), Art. 6; Law No. 55/2010/QH12 on Food Safety (2010), Art. 36; FLA Workplace Code (Employment Relationship ER.1, ER.15, ER.17, ER.26, and ER.27; and Health, Safety and Environment Benchmarks HSE.1, HSE.2, HSE.8, HSE.9, HSE.14, and HSE.22)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (8.The program training) (item 1, 6)
- 2.attached file name (8.The program training)(item 6)
- 3.attached file name (8.The program training)(item 2)

- 4.attached file name (8.The program training) (item 2,8)
- 5.attached file name (8.The program training) (item 5)
- 6.attached file name (15. Recruitement and personel development)
- 7.attached file name (8.The program training) (item2+8)
- 8.attached file name (8.The program training)(item2)
- 9.attached file name (1. Human management procedure)(item 7)

Company Action Plan Update

- 1.attached file name (8.The program training) (item 1, 6)
- 2.attached file name (8.The program training)(item 6)
- 3.attached file name (8.The program training)(item 2)
- 4.attached file name (8.The program training) (item 2,8)
- 5.attached file name (8.The program training) (item 5)
- 6.attached file name (15. Recruitement and personel development)
- 7.attached file name (8.The program training) (item2+8)
- 8.attached file name (8.The program training)(item2)
- 9.attached file name (1. Human management procedure)(item 7)

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory has not established a procedure to review and update the following policy and procedures according to changes in law: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Workplace Conduct & Discipline.

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

attached file name (3.assess to legal and other requirements procedure) (item1,2)

Company Action Plan Update

attached file name (3.assess to legal and other requirements procedure) (item1,2)

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

- 1.The factory has not identified the compliance staff or person(s) responsible to manage Health & Safety, Environmental Protection, Hours of work, or the person with ultimate responsibility in the factory.
- 2.There are no written job descriptions for any positions.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 139, Law No. 84/2015/QH13 on Occupational Safety and Hygiene (2015), Art. 72; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name(7.Procedure for health and safety) (item 5)
- 2.attached file name (9.Job discription)

Company Action Plan Update

- 1.attached file name(7.Procedure for health and safety) (item 5)
- 2.attached file name (9.Job discription)

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not provide tempory workers with a copy of their labor contract.
2. The temporary contracts do not properly define overtime compensation. The overtime rate is not applied and temporary workers are not paid overtime rates; their overtime rate is equal to the regular rate.
3. The personnel files of temporary workers do not include their CV, family book that includes their home address and family information, job application or health certificate.
4. The factory signs workers on temporary contracts even if workers are in jobs of a permanent nature. There were 90 temporary contracts during the assessment.

Local Law or Code Requirement

Decree No. 05/2015/ND-CP on Defining and Providing Guidance on the Implementation of a Number of Contents of the Labor Code (2015), Art. 25; Labor Code No. 10/2012/QH13 (2013), Art. 16; Art. 22, Art.23; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.9 and ER.11; Compensation Benchmarks C.1, C.3 and C.7)

Recommendations for Immediate Action

1. Cease signing temporary contracts with workers who work jobs of a permanent nature.
2. Provide temporary workers with copies of their labor contracts.
3. Properly define overtime compensation in the contracts of temporary workers. Apply the overtime premium as prescribed.
4. Include temporary workers' CVs, family books, job applications, and health certificates in their personnel files.

COMPANY ACTION PLANS

Action Plan no 1.

Description

attached file name (10.Labor contract (item 6))

Company Action Plan Update

attached file name (10.Labor contract (item 6))

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. At least one personnel file out of 50 files does not have an age verification document.
2. The labor contract content does not meet the Decree No.05/2015, but follows the obsolete Circular No.21/2003.
3. The factory signs more than two contracts with definite terms with workers. The factory's employment practise is to sign definite term contracts three times before an indefinite term contract is signed.
4. The factory has not established or posted a wage scale.
5. There is no appendix attached to the labor contract that reflects new wage levels. This appendix should cover when regional minimum

wages increase or when factory increases the skill level linked to wages.

6. The factory has a probation period of four months for sewing workers, which exceeds the FLA's maximum of three months.

7. The Recruitment form includes questions on gender, marital status, height, weight, and blood type.

Local Law or Code Requirement

Decree No. 05/2015/ND-CP on Defining and Providing Guidance on the Implementation of a Number of Contents of the Labor Code (2015), Art. 4; Labor Code No. 10/2012/QH13 (2013), Art. 22; Art. 23; Art. 24; Art. 27; Art. 93; Art. 97; Art. 106; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.3, ER.4, ER. 9, and ER.11; Compensation Benchmarks C.1; Child Labor Benchmark CL.1; Nondiscrimination ND.1, ND.2, and ND.9)

Recommendations for Immediate Action

1. Ensure that the labor contract content is based on the latest legal requirements.
2. Establish and post a wage scale in the factory.
3. The appendix of the labor contract, when applicable, should be changed to reflect the changes of labor contract terms.
4. Reduce the probation for sewing workers to three months.
5. Remove questions regarding gender, marital status, height, weight, and blood type from the Recruitment form, as they may lead to discrimination in hiring and employment decisions.
6. Sign indefinite contracts with workers after they have already renewed two short term labor contracts.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (10. Labor contract) (item 2)
- 2.We will come back to you later right after getting the final confirmation from our top-senior.
- 3.We will add the appendix where applicable in future (at the moment, there is no new wage arisen).
- 4.attached file name (10. Labor contract) (item 2)
- 5.attached file name (10. Labor contract) (item 3)

Company Action Plan Update

- 2.We will come back to you later right after getting the final confirmation from our top-senior.
- 3.We will add the appendix where applicable in future (at the moment, there is no new wage arisen).

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

- 1.The probation contract requires workers to work for the factory for at least ten days in order to be paid. If workers work for less than ten days, they are not paid for their work.
- 2.The probation contract also mentions the retention of 10 days' worth of wages during training.
- 3.Overtime is not on a voluntary basis. Workers must ask for approval from supervisors to not work overtime. The probation contract includes a commitment for workers to work overtime.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 8(6); Art. 106; FLA Workplace Code (Forced Labor Benchmarks F.1, F.2, F.7, and F.8; Compensation Benchmarks C.1, C.3, C.4, and C.5)

Recommendations for Immediate Action

- 1.Ensure workers are paid for all days and hours worked, regardless of number of days worked.
- 2.Discontinue withholding wages from probationary workers.
- 3.Ensure overtime is on a voluntary basis. Discontinue the practice of requiring workers to commit to working overtime at the moment of hire.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.No more this regulation in the contract.
- 2.attached file name (10. Labor contract) (item 4)

Company Action Plan Update

- 1.No more this regulation in the contract.
- 2.attached file name (10. Labor contract) (item 4)

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not provide compulsory insurance to about 90 temporary workers who have signed contracts for three or more months.
2. Only 80% of workers are covered by a national or legally mandated insurance scheme.
3. The payout for workers who are terminated or resign is on the tenth of every month instead of within seven days after termination.
4. The factory does not correctly calculate the payout in terms of the different types of termination.
5. The minimum wage is not guaranteed to any worker working in hard and hazardous conditions. The hazardous allowance, which is an increase of at least 5% of wages, is not included in the wage of the relevant workers. Currently, the factory pays workers in their probation period the regional minimum wage, VND 3,500,000 (USD 154); after probation they are paid VND 3,745,000 (USD 165), without the inclusion of hard and hazardous allowance.
6. The factory insufficiently calculates overtime compensation for piece-rate workers; the piece rate is not used for calculating overtime premiums for piece rate workers. Additionally, the paid dinner break is not adequately calculated; it is calculated at 50% instead of 150%.
7. The factory does not count or pay overtime of less than 60 minutes.
8. The factory neither pays temporary workers for the public holidays nor provide them annual leave. Additionally, the factory does not pay unemployment insurance or annual leave into temporary workers' wages.
9. The factory does not pay a severance to terminated workers or to those female workers who resign before giving birth. For women who are terminated and who have taken maternity leave, the factory does not correctedly count the time taken on maternity leave as part of their severance allowance calculations in the payout for the terminated, resigned workers.
10. The factory does not pay the child care allowance.
11. The factory provides insufficient annual leave to those who resign and those who have less than one year of service but work in hard and hazardous work; the factory provided them with only one day of leave per month (i.e. 12 days per a year) instead of 14 days per year.
12. There is off-the-clock work during the lunch and dinner break. Piece rate workers continue to work during the lunch break or dinner break without recording their working hours for correct overtime compensation.
13. The correct minimum wage was not guaranteed to around 5% of piece rate workers in November 2016 and 2% in October 2016. The minimum wage varies for different types of skilled workers; the factory does not pay the right minimum wage for the right skills.
14. The factory does not pay piece rate workers for days off due to safety accidents that occur on the job.
15. The factory does not provide protection to workers who allege violations of compensation laws, regulations, or procedures.
16. The factory does not inform workers, orally or in writing, in languages they understand, regarding overtime wage rates prior to undertaking overtime.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 186, Art. 154; Decree No. 05/2015/ND-CP on Defining and Providing Guidance on the Implementation of a Number of Contents of the Labor Code (2015), Art. 14, Art. 25; Art. 24; Art. 26; Decree No. 49/2013/ND-CP on Detailing the Implementation of a Number of Articles of the Labor Code on Wages (2013), Art. 7; Decree No. 45/2013/ND-CP on Elaborating a Number of Articles of the Labor Code on Hours of Work, Hours of Rest, Occupational Safety and Occupational Hygiene (2013), Art. 6; FLA Workplace Code (Compensation Benchmarks C.1, C.2, C.4, C.5, C.7, C.8, C.10, C.17, and C.18; Employment Relationship Benchmarks ER.19; ER.22; ER.23; and ER.32; Hours of Work Benchmarks HOW.3, HOW.11, and HOW.14; Nondiscrimination Benchmarks ND.3)

Recommendations for Immediate Action

1. Provide compulsory insurance to temporary workers who have signed contracts for three months or more.
2. Provide resigned and terminated workers their payouts within seven days after termination of employment.
3. Guarantee the minimum wage to piece-rate workers and workers in hard and hazardous. Include a hazardous allowance of at least 5%

of wage in the wages of workers working in hard and hazardous conditions.

4. Base the overtime compensation for piece-rate workers on the piece rate, especially if it is higher than the hourly rate.

5. Compensate workers for the dinner break at the correct rate of 150% of the normal rate.

6. Record and properly compensate workers for all overtime hours worked, regardless of amount of overtime .

7. Provide paid annual leave, public holidays, and accident leave to temporary workers and piece-rate workers.

8. Provide severance allowance to terminated workers as prescribed.

9. Provide child care allowance to workers who have children at the nurse's age.

10. Properly calculate annual leave for all workers.

11. Record and properly compensate piece-rate workers for overtime worked during lunch and dinner breaks. Aim to ensure workers do not work during their breaks.

12. Pay unemployment insurance and annual leave directly into the wages of temporary workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.attached file name (10. Labor contract) (item1)

2-4.attached file name (11. Wage)

5-6.We will come back to you later right after getting the final confirmation from our top-senior.

7-9.attached file name (11. Wage)

10.The Factory will do.

11-14.attached file name (11. Wage)

15.attached file name (6. grievance/accuse procedure).

16.attached file name (4. Regulation on salaries and bonuses).

Company Action Plan Update

1.attached file name (10. Labor contract) (item1)

2-4.attached file name (11. Wage)

5-6.We will come back to you later right after getting the final confirmation from our top-senior.

7-9.attached file name (11. Wage)

10.The Factory will do.

11-14.attached file name (11. Wage)

15.attached file name (6. grievance/accuse procedure).

16.attached file name (4. Regulation on salaries and bonuses).

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. There has been excessive daily, weekly, monthly and yearly overtime in the last three months. In September, October, and November, 2016, workers worked up to 5.5 hours of overtime per day until 22:00. Workers worked up to 30.5 hours of overtime weekly (for a total of 78.5 hours weekly), and up to 105 hours of overtime monthly.

2. The factory did not guarantee a seventh day of rest to all workers in the aforementioned months. Due to tight overtime schedules, workers were only provided with one or two days of rest per month. Temporary workers worked 30 to 31 days without rest in September 2016.

3. The factory does not provide a menstruation break.

4. The regular working hours for elderly workers (two) and young workers are excessive. They work eight hours a day and 48 hours a week, which is the regular working hours for regular workers. They also work overtime. Elderly workers should only work 7 hours per day and 42 hours per week. Young workers should only work 8 hours per day and 40 hours per week. Neither should work overtime.

5. Pregnant workers who are seven or more months pregnant work regular working hours of 8 hours a day and work overtime until they submit an application to shorten their working time.

6. The time recording system does not indicate working hours of special categories of workers, including pregnant and/or lactating

women and workers under the age of 18.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 106; Art. 110; Art. 155; Art. 166; Art. 163; Circular No. 54/2015/TT-BLDTBXH on Guidelines for Hours of Work, Hours of Rest Applicable to Employees Doing Seasonal Production Work and Processing Of Goods under Orders (2015), Art. 6; FLA Workplace Code (Employment Relationship Benchmark ER.13, ER.19, and ER.23; Hours of Work Benchmarks HOW.1, HOW.2, HOW.3, HOW.4, HOW.5, HOW.11, and HOW.14; Nondiscrimination Benchmark ND.8; Child Labor Benchmarks CL.8)

Recommendations for Immediate Action

1. Ensure workers do not work more than the legal maximum number of overtime hours daily and monthly. Ensure workers do not work more than 60 hours per week.
2. Provide one day of rest (24-consecutive hours) for every seven day work period.
3. Provide female workers with menstruation break.
4. Shorten regular working hours for elderly workers, young workers, and workers who are seven or more months pregnant to the legal limit and ensure that they do not work overtime. Track and offer pregnant workers with shorten regular working time when they are 7 months pregnant.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1-2. Please check this from our actual Attendance records upon your next visit to our factory
3. This is a sensitive matter of the women, so we cannot provide you with the evidence.
- 4-5. attached file name (5. The factory regulation (item 5))
6. attached file name (10. Labor contract)(item 5)

Company Action Plan Update

- 1-2. Please check this from our actual Attendance records upon your next visit to our factory
3. This is a sensitive matter of the women, so we cannot provide you with the evidence.
- 4-5. attached file name (5. The factory regulation (item 5))
6. attached file name (10. Labor contract)(item 5)

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. There is discrimination on ages (18 to 35) in the recruitment process.
 2. According to factory rules, the factory will terminate contracts with disabled workers or workers who are ill and need a longer period of time for treatment.
 3. The factory only trains male workers on firefighting and fire prevention.
 4. Temporary workers have to pay for their lunch in the canteen while permanent workers are provided free lunch.
- Workers do not have access to their evaluations to provide feedback.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 8(1); Art. 178; Decree No. 95/2013/ND-CP on Penalties for Administrative Violations against Regulations on Labor, Social Insurance, and Overseas Manpower Supply (2013), Art. 25(2); FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, and ER.30; Nondiscrimination Benchmarks ND.1, ND.2, ND.3, and ND.9)

Recommendations for Immediate Action

Discontinue discriminatory practices in recruitment, employment, and training. Ensure all workers are provided equal opportunities to work, to training, and to their entitled benefits.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (10. Labor contract)(item 3)
- 2.attached file name (5.The factory regulation) (chapter 2, item 16)
- 3.Next training (planned to be in next year)
- 4.attached file name (10. Labor contract) (item 1)

Company Action Plan Update

- 1.attached file name (10. Labor contract)(item 3)
- 2.attached file name (5.The factory regulation) (chapter 2, item 16)
- 3.Next training (planned to be in next year)
- 4.attached file name (10. Labor contract) (item 1)

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory does not provide workers with a copy of the Collective Bargaining Agreement (CBA).
2. The factory has a trade union which was established in 2013 under the Vietnam General Confederation of Labor (VGCL). However, there is no proof that workers nominated their representatives democratically in the Labor Union Election. Additionally, the Labor Union Chairman is also the Production Manager of the factory.
3. The factory provides a meeting room for the union upon request, but there is no designated office with the necessary equipment for the union to conduct daily meetings or for the union representatives to perform their functions.
4. No labor conference has been conducted since 2013. Per legal requirement, the factory should have annual meetings between employees and employers yearly. No worker dialogue meetings have been conducted.
5. 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.

Local Law or Code Requirement

Decree No. 60/2013/ND-CP on Detailing Clause 3 Article 63 of the Labor Code on Implementing the Democracy Regulation at Grassroots at the Working Places (2013), Art. 14; Labor Code No. 10/2012/QH13 (2013), Art. 63; FLA Workplace Code (Employment Relationship Benchmarks ER.16, ER.25, and ER. 26; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.11, and FOA.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (5. The factory regulation) (item 3)
- 2.We are preparing, the meeting will be held in next week.
- 3.We are using the same meeting for all meetings as it is
- 4.A meeting has been planned to be held by end of year, we will apply the Meeting Minutes as requested then.
- 5.Neither action nor evidence needed as per FLA’s auditor’s comments

Company Action Plan Update

- 1.attached file name (5. The factory regulation) (item 3)
- 2.We are preparing, the meeting will be held in next week.
- 3.We are using the same meeting for all meetings as it is
- 4.A meeting has been planned to be held by end of year, we will apply the Meeting Minutes as requested then.
- 5.Neither action nor evidence needed as per FLA’s auditor’s comments

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory's labor regulations are not registered with the Labor Department and have not been approved.
2. The probation contract mentions monetary deductions. If workers work less than 23 days a month, their wages are deducted VND 50,000 (USD 2.20) per day.
3. The factory will issue a written warning and deduct VND 100,000 (USD 4.40) from a worker's wages if a worker takes personal leave without approval from the supervisor and the production manager.
4. The factory does not ensure that leave is granted or rejected in a nondiscriminatory and fair manner; workers confirmed that it is hard to get approval for any leave during peak seasons as it is at the discretion of the supervisor.
5. The factory imposes wage increment suspension as a disciplinary measure, as per factory regulations.
6. The factory deducts an excessive amount from workers' wages for lost badges; the deduction is VND 50,000 (USD 2.20) for a lost badge, while the cost of a badge is about VND 10,000 (USD 0.44).

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 128 and Art. 101; Labor Code of Vietnam, Art. 132; Decree No. 05/2015/NĐ-CP, Art. 28 and Art. 33; FLA Workplace Code (Employment Relationship Benchmark ER.2 and ER. 27; Forced Labor Benchmarks F.7; Harassment & Abuse Benchmark H/A.2; Hours of Work Benchmark HOW.1 and HOW.15; Compensation Benchmark C.1 and C.11)

Recommendations for Immediate Action

- 1.Register the factory regulations with the Labor Department and obtain approval before being implementing in the factory.
- 2.Cease monetary discipline practices.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (5. The factory regulation (item 4)
- 2-6.No more happened, please verify all these upon your next visit to our factory

Company Action Plan Update

- 1.attached file name (5. The factory regulation (item 4)
- 2-6.No more happened, please verify all these upon your next visit to our factory

FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory does not communicate or train new workers on the Grievance System. There is no record keeping of any worker suggestions or complaints.
2. Grievances are not monitored, recorded, or tracked so it could not be verified if management reviewed all the grievances obtained. The grievance system has not been reviewed regularly since April 2011.
3. As per management interview, the company answered general workers' complaints through a paging system. However, there are no supporting records to reflect such action.
4. Grievance procedure does not ensure anonymity.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 64; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.16, and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (8. The program training (item 10)
- 2-4.attached file name (6. grievance/accuse procedure)

Company Action Plan Update

- 1.attached file name (8. The program training (item 10)
- 2-4.attached file name (6. grievance/accuse procedure)

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not properly conducted a Health & Safety risk assessment for every position; there are only six hazards identified through the company risk assessment, the assessment conducted is general and does not look at every position carefully. Additionally, fire hazards are not assessed during this assessment.
2. The factory does not ensure that special categories of workers are not exposed to hazardous chemicals.
3. There is no procedure to check the fuel supply of the fire water pump.
4. Operational procedures on the machines and equipment do not include safety aspects on how to run the machines safely.
5. There are no standard operational procedures, specifically, no safety guidelines, for the cutting machines and laser cutting machines.
6. There is no procedure to control reusing used cooking oil to cook food in the kitchen.
7. The factory has not established and implemented a lockout-tagout (LOTO) procedure.

Local Law or Code Requirement

Law No. 84/2015/QH13 on Occupational Safety and Hygiene (2015), Art. 77 and Art. 13; Circular No. 52/2014/TT-BCA, Art.12; Labor Code No. 10/2012/QH13 (2013), Art. 137, 138; Law No. 55/2010/QH12 on Food Safety (2010), Art. 30; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.11, HSE.12, HSE.14, and HSE.19)

Recommendations for Immediate Action

1. Ensure there is a detailed procedure established to check fire pump and ensure that there is sufficient fuel supply.
2. Ensure safety is included in the operational procedures for machines and equipment.
3. Establish safety operational procedures for cutting and laser cutting machines and communicate it to the workers.
4. Establish procedure to control the reuse of used cooking oil applied in the kitchen.
5. Establish and implement lockout-tagout procedure in the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (7. Procedure for health & safety) (item 6)
- 2.attached file name (14.Evidence by picture (item 15-7-2)
- 3.attached file name (7. Procedure for health & safety) (item1) (The factory will check the fuel supplying for the fire water pump every month)

- 4-5.attached file name (7. Procedure for health & safety) (item 1)
- 6.attached file name (7. Procedure for health & safety) (item 16)
- 7.attached file name (7. Procedure for health & safety) (item 7)

Company Action Plan Update

- 1.attached file name (7. Procedure for health & safety) (item 6)
- 2.attached file name (14.Evidence by picture (item 15-7-2)
- 3.attached file name (7. Procedure for health & safety) (item1) (The factory will check the fuel supplying for the fire water pump every month)
- 4-5.attached file name (7. Procedure for health & safety) (item 1)
- 6.attached file name (7. Procedure for health & safety) (item 16)
- 7.attached file name (7. Procedure for health & safety) (item 7)

FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The gas cylinder tanks kept inside of the Kitchen do not have safe handling procedures. Furthermore, the tanks are not secured by chains.
2. The factory keeps food on the floor in the kitchen.
3. The Canteen does not keep food samples nor maintain records of food sampling.
4. The tools in the kitchen, such as the cutting board and knives, are not made of water-resistant materials but from materials that rust and can be easily contaminated.
5. The light bulbs in the kitchen are not covered.
6. The factory does not maintain a purchasing record of raw food.
7. The kitchen is next to the toilet, legally, the kitchen should be located far from the toilet.
8. The Canteen and Kitchen are not food safety certified to prepare or serve food.

Local Law or Code Requirement

Circular No. 18/2013/TT-BCT and TCVN 6223:2011; Circular No. 15/2012/TT-BYT on Regulation on General Conditions to Ensure Food Safety for Manufacturing Facilities, Food Business (2012), Art. 1(5)(b); Art. 1(9)(a-b) and Art. 3(1)(2)(3); Law No. 55/2010/QH12 on Food Safety (2010), Art. 28; Art. 30 and Art. 34; Circular No. 30/2012/TT-BYT Regulations on Food Safety Conditions for Food Services Business and Street Food Business Establishments (2012), Art. 4; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.9, HSE.19, and HSE.22)

Recommendations for Immediate Action

1. Ensure there are safe handling procedures for the gas tanks kept inside of the kitchen; these should be secured by a chain.
2. Stop placing food on the floor; designate an area that is not on the floor to store this food.
3. Keep samples of all food served in the fridge for 72 hours and maintain records.
4. Tools in the kitchen such as cutting board and knives should made of the water resistant materials.
5. Cover light bulbs in the kitchen to prevent contamination of food contamination, if breakage occurs.
6. Maintain records of raw food purchased to ensure records of food origin.
7. Arrange the toilets to be far from the food production area.
8. Obtain a safety certification for the canteen and kitchen.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (7. Procedure for health & safety) (item 17)
- 2.attached file name (7. Procedure for health & safety) (item 18)
- 3.attached file name (7. Procedure for health & safety) (item 19)
- 4.attached file name (14. Evidence by picture (item 16-8-4)
- 5.attached file name (14. Evidence by picture (item 16-8-5)

6. We don't have evidence for this case
7. They have removed the toilet in the kitchen. attached file name (14. Evidence by picture (item 16-8-7)
8. attached file name (13. Food safety certified)(item 1)

Company Action Plan Update

1. attached file name (7. Procedure for health & safety) (item 17)
2. attached file name (7. Procedure for health & safety) (item 18)
3. attached file name (7. Procedure for health & safety) (item 19)
4. attached file name (14. Evidence by picture (item 16-8-4)
5. attached file name (14. Evidence by picture (item 16-8-5)
6. We don't have evidence for this case
7. They have removed the toilet in the kitchen. attached file name (14. Evidence by picture (item 16-8-7)

FINDING NO.17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are insufficient faucets in the toilets. There are only three faucets for 109 male workers, and six for 371 female workers.
2. The factory does not provide workers with lockers.
3. There is no bathroom, menstruation room, or breast milk storage room in the factory.
4. The factory does not stock the toilets with toilet paper or soap.

Local Law or Code Requirement

Circular NO. 19/2016/TT-BYT, Art. 6, Annex 1; Decree No. 85/2015/ND-CP on Detailing a Number of Articles the Labor Code in Terms of Policies for Female Employees (2015), Art. 7; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.20)

Recommendations for Immediate Action

1. Provide a sufficient number of faucets, lockers, bath rooms, menstruation rooms, breast milk storage rooms to workers.
2. Stock toilets with toilet paper and soap.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory add some faucet around the factory. (attached file name (14. Evidence by picture (item 17-4-1)
2. attached file name (7. Procedure for health & safety) (item 21)
3. attached file name (7. Procedure for health & safety) (item 21). The factory will build more bathroom (attached file name 14. Evidence by picture item 17-4-3)
4. attached file name (14. Evident by picture (item 17-4-4)

Company Action Plan Update

1. The factory add some faucet around the factory. (attached file name (14. Evidence by picture (item 17-4-1)
2. attached file name (7. Procedure for health & safety) (item 21)
3. attached file name (7. Procedure for health & safety) (item 21). The factory will build more bathroom (attached file name 14. Evidence by picture item 17-4-3)
4. attached file name (14. Evident by picture (item 17-4-4)

FINDING NO.18

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no first aid kits in the cutting section. Additionally, there are no first aid kits in the canteen.

2. There is no first-aid stretcher or orthosis on the work floor.
3. All first aid kits are missing supplies and are almost empty.
4. The first aid kits in the Final Quality Control section are locked.
5. The first aid kit in the sewing section is almost empty and is not clean. Expired antiseptic named polyvidone was found in the first aid kit located in the sewing section.
6. The factory does not track or perform a root cause analysis for injuries and illnesses that occur in the workshop. There are no documents to track or supervise worker health and illnesses.
7. There are missing steps in the Health and Safety policy and procedures to report health and safety issues.
8. Worker health checks are only conducted once per year. There are no gynecology checks for female workers and new workers are not provided health tests, as required by law.
9. The factory has not conducted a health check for canteen workers.

Local Law or Code Requirement

Circular NO. 19/2016/TT-BYT, Art.1, Art.2; Art. 3, Annex 4; Labor Code No. 10/2012/QH13 (2013), Art. 152; Circular No. 15/2012/TT-BYT on Regulation on General Conditions to Ensure Food Safety for Manufacturing Facilities, Food Business (2012), Art. 3(1)(2)(3); Circular No. 08/2016/TT-BLDTBXH; Art.3 and Art.4; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.3, HSE.6, and HSE.18)

Recommendations for Immediate Action

1. Equip the cutting section and canteen with first aid kits.
2. Provide the work floor with a first-aid stretcher and an orthosis.
3. Fully stock all first aid kits, as necessary. Ensure first aid kits are clean and stocked with valid first aid supplies.
4. Ensure first aid kits are accessible during working hours.
5. Track and document injuries and illnesses and conduct root cause analysis for injuries and illnesses that have occurred in the workshop.
6. Conduct health checks twice annually. Provide gynecology exams for female workers twice a year.
7. Conduct health check for new workers upon hiring.
8. Conduct health check for canteen workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (14. Evident by picture (item 18-9-1)
- 2.attached file name (7. Procedure for health & safety) (item 14)
- 3.attached file name (14. Evident by picture (item 18-9-1)
- 4.attached file name (14. Evident by picture (item 18-9-1)
- 5.attached file name (14. Evident by picture (item 18-9-1)
- 6.attached file name (7. Procedure for health & safety) (item 10)
- 7.attached file name (7. Procedure for health & safety) (item 8)
- 8.attached file name (7. Procedure for health & safety) (item 9/1) (Next time is in Demcember).
- 9.attached file name (7. Procedure for health & safety) (item 9/2)

Company Action Plan Update

- 1.attached file name (14. Evident by picture (item 18-9-1)
- 2.attached file name (7. Procedure for health & safety) (item 14)
- 3.attached file name (14. Evident by picture (item 18-9-1)
- 4.attached file name (14. Evident by picture (item 18-9-1)
- 5.attached file name (14. Evident by picture (item 18-9-1)
- 6.attached file name (7. Procedure for health & safety) (item 10)
- 7.attached file name (7. Procedure for health & safety) (item 8)
- 8.attached file name (7. Procedure for health & safety) (item 9/1) (Next time is in Demcember).
- 9.attached file name (7. Procedure for health & safety) (item 9/2)

FINDING NO.19

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are cracks on the walls in the plastic sheet warehouse; the factory has not conducted a building safety inspection.
2. The factory does not have a construction license or a completion certificate for the new mezzanine in the finished goods warehouse.
3. The pallets are stored vertically, rather than horizontally.
4. There is no fence around the waste water treatment tanks.
5. The laser cutting machine in the cutting section is not measured or monitored for volume.
6. The factory improperly stacks molds in the cutting area, which may cause physical risk and hazards to workers.
7. The air velocity from the exhaust fans is weak and are not adequate to remove burnt fumes.
8. The legally required working condition inspections is not conducted.
9. The factory is not clean or sanitized; garbage and debris are not immediately removed from the work floor which poses a tripping hazard.

Local Law or Code Requirement

Circular 08/2006/TTBXD, Chapter 2, point 1.3; Construction Law No.50/2014/QH13, Article 89.1; Labor Code No. 10/2012/QH13 (2013), Art. 138; Law No. 84/2015/QH13, Art. 16; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.2; Health, Safety and Environment Benchmarks HSE.1, HSE.4, and HSE.13)

Recommendations for Immediate Action

1. Conduct an inspection for building safety to ensure the building structure is safe.
2. Obtain a construction license and completion certificate for the new mezzanine in the finished goods warehouse.
3. Store pallets horizontally.
4. Install a fence around the waste water treatment tanks.
5. Monitor the laser cutting machine to ensure it is safe for workers.
6. Establish a safe procedure for stacking molds.
7. Monitor the air velocity of the exhaust fans to ensure burnt fumes are expelled.
8. Conduct annual working condition inspections as required by law.
9. Clean and sanitize the factory regularly to remove garbage and debris from the work floor.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.We will stop use this area. (attached file name (14. Evident by picture (item 19-9-1)
- 2.This has been completed more than 2 years ago and we don't have evidence for this case
- 3.attached file name (14. Evident by picture) (item 19-9-3)
- 4.The factory has fence around the water treatment system, from now on the entrance will be locked and only authorized persons can enter (attached file name 14. Evidence by picture item 19-9-4)
- 5.Periodic, the supplier will come and monitor. Attached file name (14. Evident by picture) (item 19-9-5).
- 6.attached file name (14. Evident by picture) (item 19-9-6).
- 7.attached file name (14. Evident by picture) (item 19-9-7)
- 8.attached file name (7. Procedure for health & safety) (item 11)
- 9.attached file name (14. Evident by picture) (item 19-9-9)

Company Action Plan Update

- 1.We will stop use this area. (attached file name (14. Evident by picture (item 19-9-1)
- 2.This has been completed more than 2 years ago and we don't have evidence for this case
- 3.attached file name (14. Evident by picture) (item 19-9-3)
- 4.The factory has fence around the water treatment system, from now on the entrance will be locked and only authorized persons can enter (attached file name 14. Evidence by picture item 19-9-4)
- 5.Periodic, the supplier will come and monitor. Attached file name (14. Evident by picture) (item 19-9-5).
- 6.attached file name (14. Evident by picture) (item 19-9-6).
- 7.attached file name (14. Evident by picture) (item 19-9-7)
- 8.attached file name (7. Procedure for health & safety) (item 11)
- 9.attached file name (14. Evident by picture) (item 19-9-9)

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no fire extinguishers in the Temporary Fabric Warehouse, Fabric Warehouse, Thread Warehouse, Temporary Packaging Warehouse, or Canteen.
2. In the Plastic Sheet Warehouse, Maintenance, and sewing section, there are fire extinguishers that are under working pressure.
3. There are no spare fire extinguishers in the factory.
4. In the cutting section, Final Quality Control and Quality Control section, some fire extinguishers are blocked.
5. In the Finished Goods Warehouse, the fire extinguishers are not mounted or marked.
6. The fire alarm control panel is in the packing section, in a restricted area in the factory only accessible by Final Quality Control and Quality Control staff.
7. The factory does not inspect or check if the smoke detector and fire alarm system are functioning.
8. The fire alarms in the Accessory Warehouse and in Maintenance are blocked.
9. There is no sprinkler in the workshop or warehouses. There is no automatic fire extinguisher in the Chemical Warehouse.
10. The factory does not inspect the firefighting equipment monthly.
11. Emergency exits and aisles are not sufficiently available. Emergency exits are blocked by products, semi products and cartons and is not free from clutter. They are also not clearly marked.

Local Law or Code Requirement

Decision No. 2726/BKHCN on Fire protection equipment for building and construction - Providing, installation, inspection, maintenance (2009), Art. 5(1)(1), Art. 5(1)(2), Art. 6(2)(2); TCVN 3890:2009 on Fire protection equipment for construction and building – Providing, installation, inspection, maintenance (2009), Art. 5.1.7, Art. 5.2, Art. 6.1; TCVN 7435-1:2004 on Fire Protection - Portable and Wheeled Fire Extinguishers. Part 1: Selection and Installation (2004), Art. 5; TCVN 7435-1:2004 on Fire Protection - Portable and Wheeled Fire Extinguishers. Part 1: Selection and Installation (2004), Art. 5 (5); FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.5, and HSE.6)

Recommendations for Immediate Action

1. Equip the Temporary Fabric Warehouse, Fabric Warehouse, Thread Warehouse, Temporary Packaging Warehouse, and Canteen with fire extinguishers.
2. Equip the warehouses with sprinkler or automatic fire extinguishers.
3. Maintain an additional 10% of spare fire extinguishers.
4. Keep all fire equipment free of obstacles, mounted, and marked.
5. Inspect, maintenance and validate all fire equipment, smoke detectors and fire alarm system. Ensure the exits and aisles are at least 0.8 meter and 1.0 meter wide respectively.
6. Mark emergency exits with exit signs and ensure they are free of obstacles.
7. Maintain at least two emergency exits at each production area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (14. Evident by picture) (item 20-11-1).
- 2.attached file name (14. Evident by picture) (item 20-11-2)
- 3.attached file name (7. Procedure for health & safety) (item 14)
- 4.attached file name (14. Evident by picture) (item 20-11-2).
- 5.attached file name (14. Evident by picture) (item 20-11-5).
- 6.The fire alarm control-panel will be put in the security room as designed. (7. Procedure for health and safety (item 23)
- 7.We are working with the outsource unit to maintain the fire automatic system
- 8.attached file name (14. Evident by picture) (item 20-11-2
- 9.attached file name (14. Evident by picture) (item 21-11-9)
- 10.attached file name (7. Procedure for health and safety (item 20)
- 11.attached file name (14. Evident by picture) (item 20-11-2

Company Action Plan Update

- 7.We are working with the outsource unit to maintain the fire automatic system

FINDING NO.21

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The aisles are too narrow in the Temporary Warehouses, Plastic Sheet Warehouse, Fabric Warehouse, Thread Warehouse, sewing section, Quality Control, packing section, and the cutting section. About 90% of aisles on the work floor are blocked by chairs, tables, cartons, semi products, products and materials.
2. Workers are blocked by products, tables, chairs and semi-finished goods in the Fabric Warehouse, Quality Control, Buttoning, and sewing section.
3. All exits in the main production building do not open outward as they are rolling doors.
4. There are no exit signs or emergency lights at the finished goods warehouse. The emergency lights in the Canteen did not work when tested.
5. There is only one exit in the Finished Goods Warehouse, which is about 2000 square meters.

Local Law or Code Requirement

TCVN 2622 on Fire prevention and protection for buildings and structure - Design requirements (1995), Art. 7.5, Art. 7.17, Art. 7.1, Art. 7.2, Art. 7.7, Art. 7.24; TCVN 3890:2009 on Fire protection equipment for construction and building – Providing, installation, inspection, maintenance (2009), Art. 10.1.5, Art. 10.1.6; Vietnam Building Code No. QCVN 06:2010/BXD on Fire Safety of Buildings (2010), Art 3.3.1; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5, and HSE.6)

Recommendations for Immediate Action

1. Properly maintain aisles to ensure freedom of movement and safe evacuation.
2. Ensure all exits open outward and are equipped with functioning exit signs and emergency lights.
3. Regularly inspect emergency lights to ensure they are in good working order.
4. Install a secondary exit in the Finished Goods Warehouses.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. attached file name (14. Evident by picture) (item 21-5-1)
2. attached file name (14. Evident by picture) (item 21-5-2)
3. All doors are 24h open during the working hours so no action needed.
4. attached file name (14. Evident by picture) (item 21-5-4)
5. We need more time to built one more extra exit-door. New deadline: 15 Oct., 2017

Company Action Plan Update

5. We need more time to built one more extra exit-door. New deadline: 15 Oct., 2017

FINDING NO.22

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory uses a flammable source (gas lighters) with flammable chemicals (supexol or Methoxypropanol under the Glycol Esther family) in Quality Control for the final cleaning and trimming of the good.
2. Welding torches are improperly used for sealing straps in the sewing lines, and poses a fire hazard. The welding torches are not fixed to the work station; instead they are temporarily tightened on a brick that is placed on the working table, which poses a risk to workers.

3. In Quality Control and the Finished Goods Warehouse, electric kettles are used while goods are around them, posing a risk of fire and/or explosion.

Local Law or Code Requirement

Circular No. 28/2010/TT-BCT on Specifying a Number of Articles of the Law on Chemicals and the Government's Decree No. 108/2008/ND-CP Detailing And Guiding a Number of Articles of The Law On Chemicals (2010), Art. 5; Law No. 27/2001/QH10 on Fire Prevention and Fighting (2001), Art. 24(2)(3); QCVN 3: 2011/BLDTBXH on National Technical Regulation on Occupational Safety for Electric Welding Machine and Electric Welding Jobs (2011), Art. 2.1; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.9, and HSE.13)

Recommendations for Immediate Action

1. Discontinue the practice of using a flame source (gas lighters) together with flammable chemicals.
2. Discontinue using the unattended welding torches for strap sealing.
3. Control the use of electric appliances on the work floors.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Only designated workers are authorized using the lighters in trimming section
2. attached file name (14. Evident by picture) (item 22-3-2).
3. attached file name (7. Procedure for health & safety) (item 12)

Company Action Plan Update

1. Only designated workers are authorized using the lighters in trimming section
2. attached file name (14. Evident by picture) (item 22-3-2).
3. attached file name (7. Procedure for health & safety) (item 12)

FINDING NO.23

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not have shower stations.
2. MSDS is only available in the Chemical Warehouse, not in the areas where chemicals are used.
3. The oil for thread or pull out does not have the proper containers or lids; they are not labelled in the local language, only in English.

Local Law or Code Requirement

Law No. 84/2015/QH13 on Occupational Safety and Hygiene (2015), Art. 19; Law No. 06/2007/QH12 on Chemicals (2007), Art. 30; Art. 31 Art. 37; Circular No. 04/2012/TT-BCT on Category Regulations and Chemical Labelling (2012), Art. 16; Law No. 06/2007/QH12 on Chemicals (2007), Art. 29; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.9, and HSE.10)

Recommendations for Immediate Action

1. Provide shower stations in the chemical warehouse and where chemicals are used.
2. Make MSDS available in the local language.
3. All chemicals should be placed in proper containers and covered with lids.
4. Label chemicals in local language.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. attached file name (14. Evident by picture) (item 23-3-2)
2. attached file name (14. Evident by picture) (item 23-3-2)
3. attached file name (14. Evident by picture)(item23-3-2)

Company Action Plan Update

- 1.attached file name (14. Evident by picture) (item 23-3-2)
- 2.attached file name (14. Evident by picture) (item 23-3-2)
- 3.attached file name (14. Evident by picture)(item23-3-2)

FINDING NO.24

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not provide gloves, safety shoes, or earplugs to cutting operators. The metal gloves utilized by cutting operators are broken. The factory does not have a procedure in place to replace broken PPE.
2. The factory does not provide cotton gloves to those handling hot surfaces in either the strap cutting section or strap sealing section.
3. The factory does not provide masks to any workers.
4. The factory does not take proactive steps to reduce repetitive motion stress and/or injuries.
5. Individual workstations are not adjustable to fit individual workers.
6. Lasers do not have working, functional, and appropriate guards, shields or other appropriate protective measures.
7. Workers working in the button snapping section, Trimming, and Quality Control have limited space at their work stations, their stations are narrow and hard for free movement. Workers in Quality Control and Trimming do not have back rests at their work station.
8. The factory does not provide chemical-resistant gloves, respirators, or aprons to workers exposed to hazardous chemicals.

Local Law or Code Requirement

Labor Code of Vietnam, Art. 138; Decision No. 3733/2002/QĐ-BYT, Part.II; Principle 1, Art.4; Circular No. 04/2014/TT-BLĐTBXH on Guiding Implementation of Regulations on Personal Protective Equipment (2014), Art. 3; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.7, HSE.8, HSE.14, and HSE.17)

Recommendations for Immediate Action

- 1.Provide workers with the proper PPE and training on its use. Ensure all provided PPE is in good condition to protect workers from identified hazards.
- 2.Provide workers in the button snapping area, Trimming, and Quality Control with bigger work stations.
- 3.Provide back rests for Quality Control and Trimming workers.
- 4.Provide chemical-resistant gloves, respirators, and aprons to workers exposed to hazardous chemicals.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (14. Evident by picture)(item 24-8-1)
- 2.attached file name (14. Evident by picture)(item 24-8-2)
- 3.attached file name (14. Evident by picture)(item 24-8-3)
- 4.The factory will post some safety signals in the factory attached file name (14. Evident by picture)(item 24-8-4)
- 5.We need more time to research the best solution.
- 6.attached file name (14. Evident by picture) (item 24-8-6).
- 7.attached file name (14. Evience by picture (item 24-8-7)
- 8.attached file name (14. Evident by picture) (item 24-8-8)

Company Action Plan Update

- 5.We need more time to research the best solution.

FINDING NO.25

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. About 50% of sewing machines are not equipped with either upper or lower pulley guards.
2. None of the sewing machines have needle guards, these have been removed by workers.
3. The operational control panels and indicators on the machines are not in the local language.
4. The fan in the cutting section is not covered.
5. None of the computerized sewing machines and bartack machines have eye guards.
6. Missing machine guards on all grinding machines, skiving machines, and driers.
7. All of the button snapping machines have improper needle guards as they were fixed at a position that causes risks to workers.
8. Cutting machines that have a two hand operation mechanism are operated only by one hand.
9. No logout-tagout in practice.
10. The factory has not properly labeled the individual switches on approximately 30% of the electrical control panels.
11. There is exposed wire in the plastic sheet warehouse.
12. The control panels in the Fabric Warehouse do not have inner and outer covers. Additionally, there is dust on the electrical panels, fans, machines, and headlamps.
13. None of the machines and/or equipment are grounded.
14. There are electrical cords spliced with duct tape all around the factory.

Local Law or Code Requirement

Law No. 84/2015/QH13 on Occupational Safety and Hygiene (2015), Art. 14; Art. 15, Art. 16; Art. 18; Law No. 27/2001/QH10 on Fire Prevention and Fighting (2001), Art. 24(2)(3); FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.13, HSE.14, and HSE.15)

Recommendations for Immediate Action

1. Equip all machines and/or equipment with the necessary machine guards or covers. Use the local language for all operational control panels and/or indicators on machines and equipment.
2. Ensure cutting machines are operated by both hands, factory should train workers on the correct use of cutting machines.
3. Ensure logout-tagout practices are applied in maintenance and machine fixing.
4. Label the individual switches in the control panels to identify the source.
5. Cover all electrical wires.
6. Equip all control panels with inner and outer covers.
7. Regularly clean the control panels, fans, machines, headlamps to keep free from dust.
8. Ground all machines and/or equipment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (14. Evident by picture)(item 25-14-1)
- 2.attached file name (14. Evident by picture)(item 25-14-2)
- 3.attachment file name (14. Evience by picture (item 25-14-3)
- 4.attachment file name (14. Evience by picture (item 25-14-4)
- 5.attachment file name (14. Evience by picture (item 25-14-5)
- 6.attachment file name (14. Evience by picture (item 25-14-6)
- 7.attachment file name (14. Evience by picture (item 25-14-10)
- 8.attached file name (14. Evience by picture (item 25-14-8)
- 9.attached file name (7. Procedure for health & safety)(item7)
- 10.attachment file name (14. Evience by picture (item 25-14-7)
- 11.attachment file name (14. Evience by picture (item 25-14-11)
- 12.attachment file name (14. Evience by picture (item 25-14-12)
- 13.Our electrical technician is still checking the cost for this work. This seems a big investment so we need more time to study for the best solutions. I will get back to you by 15 Oct for an action taken
- 14.Done with the correct cover on all wire- joints attached file name (14. Evident by picture) (item 25-14-14)

Company Action Plan Update

13.Our electrical technician is still checking the cost for this work. This seems a big investment so we need more time to study for the best solutions. I will get back to you by 15 Oct for an action taken

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory stores old rusty molds outside, unsheltered.
2. The fan in the Finished Goods Warehouse is not turned off when not in use.
3. The factory conducts an environmental inspection twice per year.
4. The factory does not provide a spill response kit.
5. The secondary containment system for chemicals in the chemical warehouse is insufficient to ensure no there is leakage in the event of a spill.
6. The factory does not have a license to extract underground water.
7. The factory does not have the waste water discharge permit.

Local Law or Code Requirement

Law NO 55/2014/QH13, Art.4, Art. 58, Art. 108, Art. 109, Art.121; Law No. 17/2012/QH13, Art. 3, Art.35, Art. 36, Art.37; FLA Workplace Code (Employment Relationship ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.3, and HSE.5)

Recommendations for Immediate Action

1. Dispose of old rusty molds, store new molds in protected areas from the weather.
2. Turn off electrical appliances when not in use.
3. Perform an environmental impact inspection quarterly, as committed in the environment protective plan.
4. Provide a spill response kit in areas where chemicals are used and stored.
5. Provide a sufficient secondary containment system for chemical containers in the chemical warehouse.
6. Obtain a license to extract underground water.
7. Obtain a waste water discharge permit.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.attached file name (14. Evident by picture) (item 26-7-1)
- 2.attached file name (14. Evident by picture) (item 26-7-2).
- 3.attached file name (7. Procedure for health & safety) (item13/38/c)
- 4.attached file name (14. Evience by picture (item 26-7-4)
- 5.Now still working. Will provide with evidence soon
- 6.attached file name (7. Procedure for health & safety)(item 15)
- 7.Still waitiing for the feed-back from the Land-lord. Will get back to you as soon as we get the answer from the Land-lord.