



COMPANIES: Fenix Outdoor International AG  
COUNTRY: Vietnam  
ASSESSMENT DATE: 12/20/16  
ASSESSOR: FLA China  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 160

## 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 is no policy or procedures on Personnel Development. The factory has not established formal procedures for the annual performance reviews of permanent workers.
2. The factory has not established formal procedures for the skill assessment that is conducted for new hires. Currently, the factory conducts a skill test when hiring new workers, but there is no written procedure on how to assess their skills as it is dependent on the evaluator's feedback. Furthermore, regardless of the results of the skill test (e.g., if a worker meets the factory's requirements), new workers are still required to undergo a training period.
3. The recruitment procedure is not detailed enough to detect fake documents and prevent child labor; there is no list of required document or steps to authenticate documents.
4. The factory has not established procedures on Environmental Protection, including procedures to report environmental emergencies or enable workers to raise environmental concerns or include protections for workers who allege environmental violations without fear of retaliation.
5. The factory does not have procedures for Hours of Work, including managing overtime.
6. The factory does not have a policy or procedures on Retrenchment. Although it does have a procedure on Termination, it does not include a commitment to comply with local law and the FLA Code.
7. The factory does not have a policy or procedures on Industrial Relations.

##### Local Law or Code Requirement

Law No. 55/2014/QH13, Articles 19, 29, 33, 108, 109, and 112; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.4, ER.10, ER.23, ER.25, ER.28, ER.29, ER.30, ER.31, ER.32; Child Labor Benchmark CL.1; Health, Safety & Environment Benchmark HSE.1)

### FINDING NO.2

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

The factory does not have a procedure to regularly review and update the existing policies and procedures of any of Employment Functions.

##### Local Law or Code Requirement

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

- 1.The factory does not provide any specific training to supervisors on any of the management functions, including training the relevant HR personnel and administrative staff on workplace conduct.
- 2.The factory trains all workers on wage calculations during orientation. However, as per worker interviews, most workers do not know how their wages and overtime are calculated. In addition, new workers are confused on regular working hours: workers stated that regular hours are from 7:30 to 18:00, while, as per the factory's rules and regulations, the regular working hours are from 7:30 to 16:30.
- 3.The factory does not provide any ongoing training to workers on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, and Workplace Conduct & Discipline.
- 4.New worker orientation does not include information on Industrial Relations, Health & Safety, or Human Resource policies. Furthermore, the factory does not provide workers with written documentation that substantiates all issues covered in orientation, including a copy of the workplace rules.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, ER.17, and ER.27)

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

- 1.The factory does not post company regulations, wage scale, collective bargaining agreement (CBA), dialogue or the minutes for the labor conference meeting (annual meeting between workers and management) on the work floor.
- 2.The factory does not communicate the policies and procedures and their updates to the general workforce on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System.

##### 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), Article 6; FLA Workplace Code (Employment Relationship Benchmarks ER.1 ER.16, ER.25, ER.27, ER.29, ER.30, and ER.32; Compensation Benchmark C.17)

## FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Responsibility & Accountability (Macro)

##### Finding Explanation

The factory has not established the job descriptions or defined, either in writing or informally, the person(s) accountable for the following Employment Functions: Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Environmental Protection, and Health & Safety. The factory also has not defined the person with ultimate responsibility in the factory.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

## FINDING NO.6

## IMMEDIATE ACTION REQUIRED

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

#### Finding Explanation

- 1.All production workers undergo a probation period of longer than three months; they undergo three months of probation after a one-month training contract. These workers can sign an official labor contract with the factory after competing four months of training and probationary period.
- 2.The factory requires all new workers – regardless of the job's skill level – to sign a one-month training contract, after which workers sign a three-month probation contract before finally signing a one-year labor contract.
- 3.The content of the factory's current labor contract is aligned with the content of the now obsolete Circular No. 21/2003 instead of the current Decree No. 05/2015.
- 4.The training contract does not include a commitment to permanent employment commitment if the worker successfully undergoes training. Workers must undergo training before they can sign a labor contract with the factory.
- 5.The factory applies a piece rate wage to all workers; however, the labor contracts signed by workers does not include the piece-rate wage, but rather the hourly wage.
- 6.The factory imposed a one-month probation on the two cleaners.
- 7.The factory did not provide assessors with a signed contract appendix (showing wage changes for 2016 in the labor contract) for two cleaners that should be signed by the factory and workers. The factory only provided a falsified appendix. The original copies of those appendices were not provided to assessors to review or crosscheck. The factory only provided the photo which showed evidence of a hand-written changes to the wages and were missing signatures of acknowledgement of the wage changes. The cleaners also confirmed that they were not provided with the appendix showing the wage change.
- 8.The factory could not provide assessors with the age document for one out of the 21 sampled workers.
- 9.The factory uses home work for tagging and zipping; however, the factory management claims that they do not use home workers. The factory did not provide assessors with any documents related to Compensation, or Hours of Work for home workers.
- 10.The factory does not prepare a written job description for any position in the factory when personnel need to be hired.

#### Local Law or Code Requirement

Circular No. 23/2014, Art.7; Decree No. 05/2015, Art, 4; Decree No. 03/201/NĐ-CP, Art. 8; Art.9; Law No. 10/2012/QH13 (2013), Art. 27; Art. 8(4); Law No. 74/2014/QH13, Art. 39; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.4, ER.10, and ER.14; Compensation Benchmark C.3)

#### Recommendations for Immediate Action

- 1.Cease the practice of requiring workers to undergo a probation after completing the training period. When training period is complete, parties must sign labor contracts. Employment commitment should be mentioned on the training contract signed with workers under the training period.
- 2.Ensure the labor contract meets legal requirements.
- 3.Cease providing fake documents, including labor contracts, to the auditors.
- 4.Align the actual method of payment (piece rate) on the labor contract signed with piece rate employees.
- 5.Ensure the duration of workers' probation meets legal requirements and is based on skill levels.
- 6.Maintain all age documents in workers' personnel files.
- 7.Maintain working hour records and payrolls of all workers, including home workers. Ensure no child labor is used in home work. Closely monitor home work to ensure it meet workplace standards.

## FINDING NO.7

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

The factory keeps two sets of payment records: one is the main payroll system which does not show any Sunday work, and the other is for payments of work performed on Sundays.

The factory does not properly classify and separate compensation for overtime worked on either the payrolls or on workers' pay slips.

The factory does not receive a written confirmation of compensation receipt from workers.

The factory did not provide assessors the production output records to review in order to verify the daily piece-rate wage for each production line.

The factory does not provide protection from retaliation to workers who allege violations of the Compensation policy & procedures and/or laws.

Workers' wage levels are dependent on the performance assessment they receive from their line supervisors. However, because the factory does not have any policies and procedures in place for performance reviews, there is no assurance that reviews and subsequent

compensation are be free of discrimination.

Although the wage scale for workers working in hazardous or hard-working condition includes a hazardous allowance, the factory does not actually pay the relevant workers this allowance.

The factory compensates workers for regular hours using a piece-rate wage; however, it calculates overtime wages using the hourly rate, which is lower than their piece-rate wage for most workers. As per local law, overtime must be paid at the same rate as workers' basic wages, in this case, based on their piece-rate wage.

As home work is not recorded in working hours, the factory does not apply any overtime premium to home work; it only compensates workers at the basic piece-rate wage for this work.

The factory did not provide proof that it pays production line workers during training. The factory says that while workers are in training, they either assign substitute workers to the lines or reduce production targets for that line in order to maintain production and include total line production in the calculation of the piece rate wage for that line. However, no records were provided to verify that practice. Furthermore, the factory does not record the time workers spend in training.

The factory does not compensate the firefighting team the additional half-day's wages for attending fire safety training.

The factory does not allow workers to use the trimming scissors free of charge; instead the factory charges workers VND 10,000 (USD 0.44), deducted from workers' wages, for scissors. Furthermore, the factory does not receive written confirmation from workers of the deduction from their wages.

The factory does not provide the compulsory social insurance to workers under probation contracts.

Workers who work overtime must take a break from 16:30-17:00; however, all workers work through the break daily. The factory does not pay for overtime worked from 16:30 to 17:00, as the factory's payroll system only counts overtime worked after 17:00.

The factory does not pay payouts to workers who resign or have been terminated within seven days after the end of their employment, as legally required, but on the regular pay date (the tenth day of the following month).

The factory does not provide pregnant workers paid leave for prenatal checks.

The factory does not pay piece rate workers for time cleaning the machines or attending production meetings.

According to the factory's Compensation procedures, the regular overtime premium rate is 50%; as per local law, the regular overtime premium should be 150%.

Workers are not informed orally or in writing about overtime wage rates prior to undertaking overtime.

#### Local Law or Code Requirement

Decree No. 05/2015/NĐ-CP, Art. 14; Art. 24, Art. 25; Decree No. 49/2013/ND-CP on Detailing the Implementation of a Number of Articles of the Labor Code on Wages (2013), Art. 7; Labor Code of Vietnam, Art. 101, Art. 186; Law No. 58/2014/QH13 on Social Insurance (2014), Art. 32; FLA Workplace Code (Employment Relationship, Compensation Benchmarks ER.2, ER.6, ER.18, and ER.22; Nondiscrimination Benchmarks ND.3 and ND.8; Compensation Benchmarks C.1, C.3, C.4, C.5, C.7, C.8, C.10, C.15, C.16, C.17, and C.19)

#### Recommendations for Immediate Action

Discontinue the practice of using two sets of payment records. Record all hours, including Sunday work and overtime in the same system as regular working hours.

Separate and classify compensation for overtime on all payroll record and pay slips.

Maintain and make available all production output records to verify the daily piece rate wage allocation to each line.

Include hazardous and/or hard-working condition allowances in workers' basic wages.

Compensate piece rate workers overtime calculated at the piece rate.

Record and calculate overtime hours for home work and compensate workers accordingly.

Track workers' training time and compensate workers for training at an hourly rate.

Compensate firefighting team for training attended.

Provide workers with all necessary tools, including trimming scissors, free of charge.

Provide all workers with the compulsory insurance. Include payments for social insurance in the pay for workers in their probation period.

Compensate workers for all overtime hours worked at the correct wage rate.

Provide resigned and terminated workers their final payouts within seven days of their last day of employment.

Provide paid leave to pregnant workers for their prenatal check.

Compensate piece rate workers for the cleaning of machines and attending production meetings.

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1.Overtime work is not voluntarily; workers have to work 1.5 hours of overtime daily as per the production plan.

2.The time recording system is not centrally calibrated and therefore different time recording machines display different times.

3.There is off-the-clock work on Sundays and during lunch breaks, as shown on the provided time records and payrolls. Since the factory does not maintain time records for work on Sundays or during the lunch breaks, assessors could not verify actual working time.

- 4.The time record system did not have the time out of December 19 or the time in of December 20.
- 5.The factory does not record the working hours of home workers.
- 6.In October, November and December 2016, the factory did not provide warehouse workers a day of rest (24 consecutive hours) for every seven-day period, as shown in production records; they worked on Sunday one to two times per month.
- 7.The factory uses overtime to compensate for regular working hours if a worker takes a few hours of unpaid leave during regular working hours; workers are not paid at premium overtime rates in these cases.
- 8.The factory does not have a system to identify pregnant or lactating workers to ensure they receive legal protection concerning working hours.

#### Local Law or Code Requirement

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), Article 3; Labor Code No. 10/2012/QH13 (2013), Articles 8(3), 106, 110, and 185; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.23, and ER.24; Hours of Work Benchmarks HOW.2, HOW.3, HOW.5, and HOW.8; Compensation Benchmark C.5 and C.7)

#### Recommendations for Immediate Action

- 1.Ensure overtime is voluntary.
- 2.Calibrate and maintain the time recording system to ensure accuracy and uniformity between machines
- 3.Record all working hours. Do not allow off-the-clock work.
- 4.Record all working hours of home workers for accurate compensation.
- 5.Provide all workers with at least 24 consecutive hours of rest for every seven-day period.
- 6.Cease the use of overtime hours as compensation for leave during regular hours.

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

#### Finding Explanation

- 1.The factory does not provide workers with a copy of the Collective Bargaining Agreement.
- 2.The factory has a trade union established in 2013 (under the Vietnam General Confederation of Labor, VGCL, that was established by 1990). However, there is no proof that workers nominated their representatives democratically in the Labor Union Election. Also, the Labor Union Chairman is also the Merchandise and Sales Manager of the factory and no workers are among the Labor Union Representative leaders.
- 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 union representatives to perform their duty.
- 4.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

FLA Workplace Code (Employment Relationship Benchmark ER.16.2; Freedom of Association Benchmarks FOA.2, FOA.11, and FOA.15)

## FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

- 1.As per factory regulations, one of the possible disciplinary procedures is suspension of a wage increase.
- 2.The factory does not follow its procedures on disciplinary meetings – including those preceding termination. The factory does not send letters informing workers to join the disciplinary meeting, and therefore workers are not present in meetings regarding disciplinary actions against them (including those that resulted in termination).
- 3.The factory does not centrally keep disciplinary records in the personnel profiles.

#### Local Law or Code Requirement

Decree No. 05/2015/NĐ-CP, Article 39; Labor Code No. 10/2012/QH13 (2013), Article 101; FLA Workplace Code (Employment Relationship Benchmarks ER.27; Harassment & Abuse Benchmark H/A.2)

#### Recommendations for Immediate Action

1. Discontinue the suspension of wage increases as a disciplinary practice.
2. Follow the procedures for disciplinary meetings and termination as prescribed.
3. Keep disciplinary records in personnel profiles.

### FINDING NO.11

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

#### Finding Explanation

1. There is no evidence that management reviews complaints and grievances and takes appropriate action as the factory does not monitor or track grievances.
2. The factory does not maintain documentation in relation to grievance processes.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.25)

### FINDING NO.12

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

#### Finding Explanation

1. In the temporary kitchen and new kitchen (not yet in use), the hot steam pipe is leaking. The discharge is not contained.
2. In the male restroom, the water valve is broken, causing water to run continuously even when not in use.
3. The factory does not turn off the fusing machines when they are not in use.
4. The factory does not keep all hazardous waste in the hazardous waste storage area; instead, some waste is kept unsheltered and outside.
5. The factory has not equipped the hazardous waste storage area with secondary containers.
6. The factory does not classify medical waste or fabric contaminated with hazardous chemicals; thus, this waste is stored with household waste in the clinic and on the work floor.

#### Local Law or Code Requirement

Circular No. 36/2015/TT-BTNMT on Management of Hazardous Wastes (2015), Article 7; Decree No. 38/2015/ND-CP on Management of Waste and Discarded Materials (2015), Articles 7, 8, and 15; Law No. 55/2014/QH13, Article 4; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

#### Recommendations for Immediate Action

- Store hazardous waste in the designated hazardous waste storage area.  
Provide secondary containers for the hazardous waste storage area.  
Segregate hazardous waste, including medical waste and fabric contaminated with hazardous chemicals, and store separately from household waste.

### FINDING NO.13

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory does not have written procedures on Health & Safety, which include Standard Operating Procedures (SOPs) for each job

with a focus on performing the job safely, measures to protect the reproductive health of workers through minimizing exposure to workplace hazards, steps for workers to raise health & safety concerns, and protection against retaliation for workers who raise health & safety concerns.

- 2.The SOPs posted on the laser cutting machine do not include all the safety aspects of operating the machine.
- 3.The factory has not established any SOPs for the hot press machine, the electromagnetic button attaching machines, or working with laser.
- 4.The SOPs for the button snapping machines are not clear on how to check the safety guards of the machines before operation.
- 5.The factory has not established a chemical safety procedure with steps that should be taken to protect workers if there is an accidental chemical spill, including identifying those who are responsible for cleaning up a spill.
- 6.There is no procedure to measure the load ability for or monitor the load of the factory, which is located in the second floor of a shared building; therefore, the factory has not monitored the floor load.
- 7.In March 2016, the factory established an evacuation and emergency response procedure; however, visitors and suppliers are not under its scope. There is no procedure in place to account for all workers during an emergency evacuation. There are no steps to ensure walkways, aisles and emergency exits remain free from obstruction.
- 8.The factory has not established or implemented a lockout-tagout procedure.
- 9.The factory has not defined a leader or vice-leader for the firefighting team.

#### Local Law or Code Requirement

Circular No. 66/2014/TT-BCA on Detailing the Implementation of a Number of Articles of the Decree No. 79/2014/ND-CP dated July 31, 2014 Detailing the Implementation of a Number of Articles of the Law on Fire Prevention and Fighting and the Law on Amendments and Supplements to the Number of Articles of the Law on Fire Prevention and Fighting (2014), Article 15; Law No. 84/2015/QH13, Article 15 and 16; Labor Code of Vietnam, Article 138; FLA Workplace Code (Employment Relationship Benchmarks ER.31; Nondiscrimination Benchmark ND.8; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.12, and HSE.14)

#### Recommendations for Immediate Action

- 1.The factory should establish written procedures regarding Health & Safety, which include Standard Operating Procedures (SOPs) for each job with a focus on performing the job safely, measures to protect the reproductive health of workers through minimizing exposure to workplace hazards, how workers can raise health and safety concerns, and protection against retaliation for workers who raise health and safety concerns.
- 2.Establish a chemical safety procedure with steps that should be taken to protect workers if there is a chemical spill, including identifying those who are responsible for cleaning up the spill.
- 3.Establish a procedure to measure and monitor the floor load.
- 4.Ensure evacuation and emergency response procedure includes visitors and suppliers, accounts for all workers during an emergency evacuation, and steps for ensuring that all aisles and emergency exits are free from obstruction.
- 5.Establish and implement a lockout-tagout procedure in the factory.

## FINDING NO.14

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

- 1.The factory does not take any steps to reduce repetitive-motion stress and/or injuries. The factory does not provide adjustable work stations, anti-fatigue mats for standing workers, adjustable chairs with backrests for sitting workers, or lifting belts to loading workers or train workers on proper lifting techniques.
- 2.The factory provided training for emergency response such as environmental drill, natural disasters, and food poisoning for the first time October 2015; the factory did not provide any ongoing training in 2016.
- 3.The electrician and the two boiler staff do not have occupational certificate.
- 4.The boiler operators for the building (where the factory is located) are not trained or qualified.
- 5.The factory does not provide supervisors with specific training on Health & Safety.
- 6.The factory did not provide the annual Health & Safety training to about 120 workers in Group 4 in 2016; the last training for this group of workers was in July 2015.
- 7.The person who provided the chemical safety training to workers in August 2016 is not trained or certified for such training.
- 8.The Health & Safety training that is provided to new workers is conducted by the HR Manager, who is neither trained nor certified for such training.
- 9.Contractors are not informed about the safety rules before working in the factory.

#### Local Law or Code Requirement

Circular No. 27/2013/TT-BLĐTBXH, Art.6; Art.7; Law No. 84/2015/QH13, Art.14; Circular No. 36/2014/TT-BCT, Art.4; FLA Workplace Code (Employment Relationship ER.1, ER.17, and ER.31, Health, Safety and Environment Benchmarks HSE.4, HSE.9, and HSE.17)

## FINDING NO.15

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

- 1.The fire hose in the construction site in the production area is blocked. One fire hose in the main yard is missing the pipe.
- 2.At the time of the assessment, one of two emergency exits (linked to the cutting section) was blocked by trolleys of semi-finished products. One of three exit stairways from the cutting section was blocked by bags of fabric scraps.
- 3.The layout of the production floor blocks aisles leading to the nearest emergency exits.
- 4.All exits from the production buildings and warehouse are sliding doors, which cannot be opened outward.
- 5.Exit signs are in English and not in the local language.
- 6.In the warehouse, the fire extinguishers are mounted too high.
- 7.The warehouse is not equipped with sprinklers.
- 8.Smoking is not controlled in the production building; during the assessment, there were cigarette butts in the dust bins together with tissues and fabric in the male toilets.
- 9.The factory does not have any spare fire extinguishers.
- 10.The factory is located in a multiple-floor building with different owners. Management does not coordinate fire safety concerns and risks with other companies in the building.

##### Local Law or Code Requirement

Circular No. 66/2014/TT-BCA on Detailing the Implementation of a Number of Articles of the Decree No. 79/2014/ND-CP dated July 31, 2014 Detailing the Implementation of a Number of Articles of the Law on Fire Prevention and Fighting and the Law on Amendments and Supplements to the Number of Articles of the Law on Fire Prevention and Fighting (2014), Art. 5; Decision No. 2726/BKHCN on Fire protection equipment for building and construction - Providing, installation, inspection, maintenance (2009), Articles 5(1)(2) and 5(1)(7); TCVN 3890:2009 on Fire protection equipment for construction and building – Providing, installation, inspection, maintenance (2009), Art. 8.3 and 10.1.5; TCVN 2622 on Fire prevention and protection for buildings and structure - Design requirements (1995), Art. 7.1 and 7.24; TCVN 7435-1:2004 on Fire Protection - Portable and Wheeled Fire Extinguishers. Part 1: Selection and Installation (2004), Art. 5; FLA Workplace Code (Employment Relationship; Health Safety and Environment Benchmark HSE.1, HSE.5, and HSE.6)

##### Recommendations for Immediate Action

- 1.Ensure all fire equipment is always accessible and in good condition.
- 2.Ensure all emergency exits and exits to stairways open outward and remain free from obstruction during working hours.
- 3.Reconfigure the layout of the production floor to ensure workers can access the nearest emergency exit in the shortest amount of time.
- 4.Install exit signs that are in the local language.
- 5.Mount fire extinguishers no more than 1.5m from their top.
- 6.Install a sprinkler system in the warehouse.
- 7.Designate a smoking area outside the building.
- 8.Ensure there are at least 10% of additional fire extinguishers in the factory
- 9.Coordinate fire safety concerns and risks with the other companies in the building.

## FINDING NO.16

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

- 1.The factory keeps chemicals in drinking water and soft drink bottles without the proper labels. Furthermore, the bottles are wrinkled and showed evidence of chemical reactions.
- 2.The factory does not keep material safety data sheets (MSDS) for the chemicals used.
- 3.The factory does not maintain an updated chemical list; only alcohol is listed although other chemicals are used on the work floor. Management could not identify these chemicals.
- 4.The factory has not secured the gas cylinder tanks that are stored next to the stove in the kitchen from accidentally falling.

##### Local Law or Code Requirement

Circular No. 04/2012/TT-BCT, Article 16; Decree No. 108/2008/ND-CP on Detailing and Guiding the Implementation of a Number of Articles of the Chemical Law (2008), Article 14; Law No. 06/2007/QH12 on Chemicals (2007), Articles 21-22, 28-31, and 53; FLA Workplace Code (Health Safety & Environment Benchmarks HSE.1, HSE.2, HSE.9, and HSE.10)

#### Recommendations for Immediate Action

- 1.Store chemicals in the appropriate containers, with the proper labels, in the local language.
- 2.Keep MSDSs for all chemicals used and make available to workers in the local language.
- 3.Maintain an updated chemical inventory.
- 4.Store the gas cylinders separately and in restricted areas. Secure them to prevent from accidentally tipping or falling.

### FINDING NO.17

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

- 1.The building structure and safety has not been inspected by a competent third party.
- 2.The factory did not provide assessors with the Construction Completion Certificate to review.
- 3.The factory store the pallets vertically instead of horizontally.
- 4.The load ability for the factory is not measured (the factory and its warehouses are located on the second floor of a shared building). Assessors observed cracks on the floor and noted that the floor sloped to one side in the warehouse where there was an overloaded sign.
- 5.The factory stores goods against the walls in the Finished Goods warehouse, which is a fire hazard.
- 6.One out of the four male toilets is broken.
- 7.Neither the female or male restrooms are equipped with soap or toilet paper.
- 8.The factory does not provide a bathroom, menstruation room, or room to pump and store breast milk.
- 9.The factory has not properly set up the platforms connecting two sewing machines; they are only temporarily attached to the machines with fabric strings.
- 10.When all machines are running, the noise level is up to 87 decibels. There is also noise pollution from the other factory sharing the same building.
- 11.The factory has fixed electric wires with repair tape.
- 12.Neither the industrial fan in the fabric spreading area or any of the ironing machines are grounded.
- 13.The factory does not provide any visual management such as indicators, convex mirrors in dead ends, and/or reflectors to ensure safe driving practices.

#### Local Law or Code Requirement

Circular 08/2006/TT BXD, Chapter II, Article 1.1.3; Circular No. 19/2016, Annex 1; Decree No. 46/2015/NĐ-CP, Article 4; 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; Labor Code of Vietnam, Article 138; Law No. 84/2015/QH13, Article 16; Law No. 27/2001/QH10 on Fire Prevention and Fighting (2001), Art. 24(2)(3); FLA Workplace Code (Employment Relationship; Health Safety and Environment Benchmark ER.31; Health, Safety & Environment Benchmark HSE.1, HSE.2, HSE.13, HSE.19, and HSE.20)

#### Recommendations for Immediate Action

- 1.Ensure building structure and safety are inspected regularly and floor load ability is measured and controlled to ensure the building structural integrity.
- 2.Obtain a construction completion certificate and make available for review.
- 3.Store pallets horizontally.
- 4.Store goods at least 0.5 meter away from the walls.
- 5.Maintain toilets and fully stocked with supplies, including soap and toilet paper.
- 6.Provide a bathroom, menstruation room, and room to pump and store breast milk, as legally required.
- 7.Secure the platforms connecting the two sewing machines
- 8.Monitor and control the noise levels on the work floor and ensure it is within legal limits.
- 9.Discontinue using tape to repair electric wires; instead, use heat shrink tubing.
- 10.Ensure all industrial fans and ironing machines are grounded.

### FINDING NO.18

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

- 1.The first aid kit at the construction site on the work floor is blocked.
- 2.There are missing first aid supplies in all first aid kits in the production and warehouse area. There is no first aid stretcher and orthosis.

3. There are missing first aid supplies in the first aid bag equipped in the clinic.
4. There are no first-in-first-out procedures for the medicine or procedures to monitor the expiration dates of the medicine.
5. Expired medicine was found in the first aid kit equipped in the chemical warehouse.
6. The health status and prescription of workers who visit the clinic is not recorded.
7. There are no records monitoring the health status of workers, including illnesses and accidents.
8. Cooked foods are not covered.
9. No procedure to control the reuse of used cooking oil. There were signs of re-used cooking oil used to cook food in the kitchen.
10. The temporary kitchen is not located sufficiently away from the waste storage area.

#### Local Law or Code Requirement

Circular No. 19/2016, Art.1, Art.2 and Art.3, Annex .4; Law No. 55/2010/QH12 on Food Safety (2010), Art. 28, Art. 29, Art. 30; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health Safety & Environment Benchmarks HSE.3, HSE.6, HSE.19, and HSE.22)

#### Recommendations for Immediate Action

1. Ensure all first aid kits/ bags are accessible and restocked with full first aid supplies. Equip First aid stretcher and Orthosis in the factory for first aid.
2. Track the expiration dates of all medicines in the clinic and ensure first in and first out procedure applied for medicines inventory.
3. Ensure the health status is monitored and recorded for each individual worker. The symptoms and prescription for workers' sickness when they visit the clinic should be recorded properly.
4. Ensure cooked foods are covered.
5. Do not re-use old cooking oil.
6. Ensure wastes are removed immediately from the cooking area.

## FINDING NO.19

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. There are no eye wash or shower stations in areas where chemicals are used. In the chemical warehouse, there is a bottle of water of about 300ml for eye flushing, in the event of an accident. However, the water inside the eyewash bottle is not clean; there is suspended dust inside the eyewash bottle.
2. About 50% of workers in the sewing section use medical masks; the factory does not provide workers with the appropriate dust masks.
3. The factory does not provide safety shoes, gloves, dust mask or goggles to the maintenance staff.
4. Personal Protective Equipment (PPE) is not available to workers exposed to heat (fusing and hot press machines), hazardous chemicals (spot cleaning), dust (sewing and overlock machines), or noise (buttoning machine)
5. Workers do not use the machine guard for the laser cutting machine.
6. There are no lower pulley guards on three sewing machines. There are no eye guards on the two overlock and two multi-needle machines.
7. There are no needle guards on the electromagnetic button attaching machines.
8. The needle guards on the single needle machines are all improperly installed; they are too high to protect workers.
9. About 80% of workers working on the cover stitch machines do not use the eye guards on the machines.
10. The grinding machine is not equipped with a tongue guard.
11. The factory has not posted safety signs on the work floor (e.g. reminding workers to use PPE).

#### Local Law or Code Requirement

Circular No. 04/2014/TT-BLDTBXH on Guiding Implementation of Regulations on Personal Protective Equipment (2014), Art. 3, Art. 4, Art.5; Law No. 06/2007/QH12, Art. 31, Art.21; Law No. 84/2015/QH13, Art. 13 and 15-17; Labor Code of Vietnam, Art. 138; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.6, HSE.7, HSE.8, HSE.9, and HSE.14)

#### Recommendations for Immediate Action

1. Install eye wash and shower stations in the production and storage areas where chemicals are used.
2. Provide dust masks to workers exposed to dust in the sewing section.
3. Provide safety shoes, gloves, dust masks, and goggles to the maintenance staff.
4. Provide proper personal protective equipment to workers and reinforce workers to use them when working.
5. Equip machines with the necessary machine guards and train workers on the use and importance of machine guards when operating the machines.