



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Pou Chen  
COUNTRY: Myanmar  
ASSESSMENT DATE: 09/05/18  
ASSESSOR: Social Compliance Services Asia  
PRODUCTS: Footwear  
NUMBER OF WORKERS: 3902

## Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. The policy on Recruitment, Hiring and Personnel Development lack several elements, including: a commitment to respect the FLA Code [ER.1]
2. The policy on Workplace Conduct & Discipline lack several elements, including: a commitment to respect the FLA code. The procedures on Workplace Conduct & Discipline lack several elements, including: the procedure for employees to appeal disciplinary actions taken against them [ER.27]
3. The written policy on Grievance System lacks several elements, including: Factory's principles and rules in relation to the grievance system, a statement that the policy applies to all levels and positions within the factory, commitment to transparency, fair treatment and non-discrimination and commitment to confidentiality when receiving and acting upon grievances or complaints. The written procedures on Grievance System do not include different channels for lodging suggestions, complaints and grievances including mechanism of anonymous complaint and appeal process. [ER.25]
4. The written procedures on Environmental Protection does not include how workers raise environmental concerns or report environmental emergencies. [ER.31]
5. The written policy on Health & Safety lacks several elements, including: protection for special categories of employees. The procedures on Health & Safety lack several elements, including: complete list of machines that need guards, how each type of machine is to be guarded, procedure on emergency assembly areas, list of equipment and machines that require lockout/tagout and list of responsible persons for locking or unlocking, and tagging on untagging. In addition, the factory does not have proper procedures or information on compressed gas cylinders safety, health and safety of external Contractors or Service Providers, food and water safety, planning for a terrorist threat or public unrest, electrical safety, managing (entry into) confined spaces, and protections for special categories of employees. [ER.14, ER.31, HSE.1 and HSE.5]
6. The written policies of Termination & Retrenchment lack several elements, including: a commitment to non-discrimination, transparency, full and timely payout of termination packages, a statement that the policy applies to all levels and positions within the factory, and a commitment to respect compliance with the law and FLA Code. The written procedures on Termination & Retrenchment lack several elements, including: obtaining government approval before proceeding with retrenchment, steps for ensuring preferential hiring of retrenched employees if jobs open up again and methods of calculating final payouts, in accordance with legal requirement. [ER.1, ER.19, ER.32]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, ER.19, ER.25, ER.27, ER.31, ER.32; Health, Safety, & Environment Benchmarks HSE.1 and HSE.5)

##### Root Causes

1. The members of management and compliance team are not familiar with the FLA benchmarks.

#### FLA's Recommendations for Sustainable Improvements

1. The written policies of Workplace Conduct & Discipline shall cover all necessary elements, including the commitment to respect the FLA code and the procedure for employees to appeal disciplinary actions taken against them
2. The written policies of Grievance system shall cover all necessary elements, including the commitment to transparency, fair treatment and non-discrimination. The policies should include mechanisms to communicate with employees and the procedure of different channels for lodging suggestions, complaints and grievances including mechanism of anonymous complaint and appeal process.
3. Environmental procedures shall include the procedure of allowing workers to raise their concerns.
4. Health and Safety procedure shall consist of commitment to fire safety and emergency preparedness and guidance on various health and safety aspects.
5. The written policies of Termination & Retrenchment shall cover all necessary elements, including the commitment to non-discrimination, transparency, full and timely payout of termination packages and the procedure of obtaining government approval before proceeding with retrenchment, steps for ensuring preferential hiring of retrenched employees if jobs open up again and methods of calculating final payouts, in accordance with legal requirement.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

The policies of recruitment, hiring and personnel development, workplace conduct and discipline, grievance system, environmental protection, health and safety, termination and retrenchment shall be updated regarding to the advises.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. The policies of recruitment, hiring and personnel development, workplace conduct and discipline, grievance system, environmental protection, health and safety, termination and retrenchment have been updated regarding to the FLA advises and customer compliance requirements.
2. For workers to raise the environmental concerns, the Environmental Response Procedures which includes the emergency contact number, hotline phone number, suggestion box and grievance app are provided for workers to inform the environmental information.

## FINDING NO.2

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The factory does not provide specific training for relevant supervisors on the following Employment Functions: Workplace Conduct & Discipline, Termination & Retrenchment, Industrial Relations & Freedom of Association and Grievance System. [ER.1, ER.17, ER.27]
2. Per factory management, they have provided ongoing training for employees on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection, however, those training were only conducted orally and they did not keep all training records. [ER.1, ER.15, ER.27]
3. Around 80% workers were lacking awareness of the grievance channels available at the factory. [ER.25]
4. Factory does not conduct health and safety training to employees who are living in the dormitory. [ER.1]
5. Factory provides PPE training to the workers, however, the training is not effective as a number of workers did not wear PPE in the following sections: printing section, chemical mixing section, maintenance and washing section. [HSE.8]
6. The FLA Code is not posted at the facility. [ER.1]
7. Factory does not provide an effective lockout and tagout system training to maintenance staff, therefore lockout and tagout system is not effectively implemented at the factory. [HSE.14]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, ER.27; Health, Safety and Environment Benchmarks HSE.8, HSE.14; Hours of Work Benchmark HOW.8)

### Root Causes

1. The factory management and compliance personnel are not familiar with the FLA benchmarks.
2. The factory lacks the manpower and resources to provide on-going training. There is no formal train-the-trainer program in place.
3. The factory has busy production schedules.
4. Factory only posted the client's Code, however, they are not aware that the FLA Code should be posted too.
5. Factory is not aware that all training should be properly documented and records should be kept.

### FLA's Recommendations for Sustainable Improvements

1. Factory shall set up a proper training plan and deploy relevant resources to provide regular and specific training to supervisors on all employment functions.
2. Factory shall provide ongoing training on all employment functions and maintain all training records.
3. Factory shall provide effective PPE training to workers and assign someone to monitor PPE use.
4. Factory shall provide effective training to workers and supervisors about the voluntarily overtime system .
5. Factory shall provide training to employees who are living in the dormitory.
6. Ensure the FLA poster is posted at the facility.
7. Factory shall provide effective training to maintenance workers about the lockout and tagout system at the factory.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. To improve the effectiveness of training, the action plans below shall be implemented: - Establish a training Committee to monitor the training effectiveness. - Set up the quarterly working plan of training committee. - Review and Revise training material, and develop the post test training questionnaires for each training - Conduct 5 Steps of 2019 Training Need Assessment to define and meet the training needs of each sector. - Set up the training plan for relevant supervisors on the employment functions: Workplace Conduct & Discipline, Termination & Retrenchment, Industrial Relations & Freedom of Association and Grievance System.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. Training Committee has been established on 13th Dec. 2018 to monitor the training effectiveness.
2. Already set up the working plan in Apr., Jul., Oct., and Jan. to conduct meeting of training committee.
3. The material has been reviewed and revised, and the post test training questionnaires for each training has been developed since Dec. 2018. And the regular review with training committee shall be continuously conducted.
4. The 5 Steps of 2019 Training Need Assessment has been conducted to define and meet the training needs of each sector in January 2019.
5. For 2019 training, the training plan has been finalized in October 2019, and the training for relevant supervisors on the employment functions has been conducted.

## FINDING NO.3

## SUSTAINABLE IMPROVEMENT REQUIRED

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

#### Finding Explanation

1. The factory does not have effective communication and workers integration for the policies and procedures and their updates on the

following Employment Functions to the general workforce: Recruitment, Hiring, & Personnel Development , Workplace Conduct and Disciplinary system, Hours of Work, Wages and Benefit, Termination & Retrenchment, Industrial Relations & Freedom of Association, Grievance System, Environmental Protection and Health & Safety. ER.1, ER 16, ER 25

#### Local Law or Code Requirement

FLA workplace Code (Employment Relationship Benchmarks ER.1, ER 16, ER 25)

#### Root Causes

1. The compliance team prepares the majority of the policies and procedure. There is a gap in communication between the compliance team and administration staff on different employment function.

#### FLA's Recommendations for Sustainable Improvements

1. Factory shall communicate the policies and procedure across the employment functions and their updates to the general workforce and supervisory staffs regularly.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The training for factory policies and procedures shall be applied for compliance team and administration staff.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. The factory has retrained for employees for internal rule , policies and the regulations. To evaluate the understanding and questions of those employees, the questionnaires were applied.

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Review Process (Macro)

#### Finding Explanation

1. The factory does not conduct a periodic review and update of policies and procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development , Industrial Relations, Termination & Retrenchment, Hours of Work, Wages and Benefit, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety. [ER.1, ER.30, ER.31]  
2. The factory does not update or renew all of its current permits according to legislation and FLA Workplace Code & Benchmarks [ER.1, ER.30, ER.31]

#### Local Law or Code Requirement

FLA Workplace Code ( Employment Relationship Benchmarks ER.1, ER.25, ER.30, ER.31)

#### Root Causes

1. The factory has yet to establish a system for regularly reviewing and updating the current policies and procedures.  
2. The compliance team was still in the midst of organizing and needed some additional time and resources to build up the review system gradually.

#### FLA's Recommendations for Sustainable Improvements

1. Factory shall carry out regular review on updates on the policies and procedure across different employment functions.  
2. Conduct periodical updates as according to the prevailing legislation and FLA workplace Code and Benchmarks.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

The factory policies and procedures shall be reviewed and updated regarding to the local law, group policies, and FLA Workplace

Code and Benchmarks. And the mechanism for regularly reviewing and updating the current policies and procedures shall be developed.

Planned completion date

09/18/18

Company Action Plan Update

The factory policies and procedures shall be reviewed and updated regarding to the local law, group policies, and FLA Workplace Code and Benchmarks. And the mechanism for regularly reviewing and updating the current policies and procedures shall be developed.

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. Manual records were used to record the attendance of all foreign employees (19 employees from China and 35 employees from Taiwan), these employees work as technician, QC, etc. It was found that their manual attendance records do not reflect the actual in and out time of foreign employees. In addition, the payment records of all 35 Taiwan employees are not kept at the premises. [HOW.1, C.5, ER.23]
2. The factory has a voluntarily overtime system in place and workers sign the overtime agreement form daily. However, the factory does not effectively communicate to workers and supervisors the procedures and there is an uneven understanding of the requirements among different workers on informing nonattendance of the overtime or if there are consequences for not agreeing on the overtime work. [HOW.1.1, HOW.8.2]
3. Overtime is included in the production plan at 3 hours during weekdays and 4 to 5 hours on Saturday. [HOW.7]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.23; Hours of Work Benchmarks HOW.1, HOW.7 and HOW.8.2; Compensation Benchmarks C.5)

##### Root Causes

1. The factory is not aware that the time recording system should be established to record the actual in and out time of all foreign employees.
2. The factory does not effectively communicate benefits to new workers, all workers, and supervisors regarding the voluntarily overtime system.
3. The factory is not aware that the production planning should not include overtime.

##### Recommendations for Immediate Action

1. Ensure that the time recording system will be established to record the actual in and out time of all foreign employees.
2. Ensure that overtime is on a voluntarily basis and a proper system to record time is established. Supervisors and workers shall be properly trained on the related policy.
3. Ensures that the basis to calculate the production planning does not include overtime.
4. Factory shall ensure that overtime is arranged on voluntarily basis. All workers and supervisors are effectively communicated with the respective procedures and system.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Regarding to the nature of the foreign employees' work, the attendance of foreign employees is counted by working days to provides the flexibility on working time for those foreign management, and the payment records are managed by headquarters. For the sustainable improvement, the working time recording mechanism for foreign employees shall be developed. 2. The voluntarily overtime system shall be well communicated with all employees.

Planned completion date

1. The voluntarily overtime system has been communicated with all employees within the orientation and on-job training.
2. To prevent from exceed of overtime, factory has set up the OT schedule of each of factory employee to not to work more than 15 hours a week.

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. Workers receive monetary deductions for late arrivals. Deductions are calculated in the unit of 0.5 hour even when workers are less than 0.5 hours late. [C.1, H/A.2]
2. The calculation of productivity bonus was not appropriate, i.e., worker absence of 0.5 hour or one day leads to the forfeit of all productivity bonuses for the month. Four times of lateness will result in losing all productivity bonus too (any lateness of 1 minute is treated as one time), with the attendance bonus also being deducted at the same time. [C.9, H/A.2]

##### Local Law or Code Requirement

The Payment of Wages Act No. 17 (2016), Art. 2: Wage Definition; FLA Workplace Code (Compensation Benchmarks C.1, C.9; Harassment and Abuse Benchmark H/A.2)

##### Root Causes

1. The factory management lacks awareness on the proper deduction of lateness.
2. The factory management lacks awareness about the proper way of calculating the productivity bonus.

##### Recommendations for Immediate Action

1. Cease the practice of monetary fines for lateness. Ensure that deduction of lateness is calculated at the actual amount of time.
2. Ensure that the productivity bonus is calculated in an appropriate and reasonable way.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Provide the training and announcement for workers and supervisors to understand the existed working time regulations that when the worker is late for work, he or she shall be regard as 0.5 hour leave from work and the supervisor shall not ask worker to work within this duration.
2. Review and revise the existed productivity bonus policy.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. Provide the training and announcement for workers and supervisors to understand the existed working time regulations that when the worker is late for work, he or she shall be regard as 0.5 hour leave from work and the supervisor shall not ask worker to work within this duration.
2. The productivity bonus policy has been updated in October 2019.

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED



## FINDING TYPE: Recruitment, Hiring & Personnel Development

### Finding Explanation

1. Factory does not conduct skill-based tests for new workers during the selection process for all departments. [ER.28]
2. Factory does not have a system to review the performance review of all new workers during their probation period. Currently, the factory only conducts performance reviews for only 3% of new workers during their probation period. [ER.29]
3. The performance review form of the new workers together with the written comment was only shown in Chinese language without any local language. There are no workers' signature on the performance review form. In addition, around 80% of the new workers were not aware of the comment on the performance review form. [ER.29]
4. The contracts of all foreign employees (19 employees from China and 35 employees from Taiwan) are not written in their local languages. [ER.1]
5. No proper policy and procedure regarding the CCTV installed at the dormitory building and training was not provided to workers.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.28 and ER.29)

### Root Causes

1. The members of management and compliance team are not familiar with the FLA benchmarks.
2. The factory management is not aware that a performance review should be conducted for all new workers and the form should be written in local languages.
3. The factory management is not aware that the contracts of all foreign employees kept at the factory should be written in their local language.
4. The factory management is not aware that the policy, procedure and training is required for the CCTV installed at the dormitory building. The purpose for them to install the CCTV is only due to security issue.

### Recommendations for Immediate Action

1. Ensure that the performance review is conducted for all new workers and the comment to workers is written in the local language, together with worker's signature to verify their review.
2. Ensure that the contracts of all foreign employees is written in their local languages.
3. Ensure that proper policy, procedure and training is established on the CCTV installed in the dormitory.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Conduct the skill-based tests for new workers. 2. Supervisors shall communicate with employees with their performance comments. 3. Communicate with foreign employees with their contract contents. 4. The policy and procedure for CCTV installed at the dormitory shall be developed, and the corresponding training shall be applied.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. The skill-based tests for new workers have been conducted. When new workers pass the skill-based test, they will be delivered to suitable production department, otherwise, the new workers will be applied for on-jobs training. 2. After performance review, supervisors have communicated with employees with their performance comments which also can be checked in the system by employees themselves. 3. The foreign employees' contract is formulated by government with standard version and local language. However, the factory has communicated and translated the contract for foreign employees to make sure they understand the contents. 4. Factory has trained employees who live in the dormitory to aware of CCTV monitoring system in October 2019.

## FINDING NO.8

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Workplace Conduct & Discipline

### Finding Explanation



1. Line leaders still implement a permission system for toilet use through a toilet card system, despite the factory having provided training to all line leaders at the end of August 2018 to discard the toilet card system. Further training is required to prevent this improper practice to happen at the factory. [H/A.3]
2. Disciplinary action is without proper appeal system. [ER.27]
3. The factory provided training to supervisors on how to communicate with workers after some submitted grievances revealed that workers complained about the attitude of their supervisors. However, the training was not effective as some workers were still complaining about the attitude of supervisors as well as their use of inappropriate words and rude language. [H/A.5]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.27; Harassment or Abuse Benchmarks H/A.3 and H/A.5)

#### Root Causes

1. The members of management and compliance team are not familiar with the FLA benchmarks
2. The factory does not have proper policy and procedures on the practice to access all facilities (including toilet) at the factory.
3. There is ineffective training to line leaders about the proper practice to access all facilities, including the toilet, at factory.
4. The HR staff are not aware of the benefits of having a proper appeal system as part of the disciplinary action. Meanwhile, the disciplinary policy is not complete as the appeal system is not included.
5. Ineffective training and lack of a monitoring system to supervisors' attitude toward workers.

#### Recommendations for Immediate Action

1. Ensure that the policy and procedures on proper practice to access all facilities (including toilet) at the factory is established and provide refresher training to all line leaders.
2. Ensure that training will be enhanced on the communication between supervisors and workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Continuously conduct the orientation and on-job training to make sure all employees clearly know the company's policy of freedom of movement and disciplinary.
2. More training about management skill for supervisors.

#### Planned completion date

09/18/18

## FINDING NO.9

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Fire extinguisher was missing at the washing areas in the printing section. No proper emergency lighting and exit sign is available at the exits. [HSE.6]
2. There is no robust system in place to monitor the water level at the fire water tanks. [HSE.5]
3. The exit door on the 2nd floor of C1 building opens inwards instead of in an outward direction [HSE.5]
4. Blocked exit was observed at C2 warehouse by the production goods. According to the factory management, the block was due to rainy weather conditions and having to move the products inside for that day. [HSE.5]
5. Emergency lights are not added on some evacuation routes in building B2. [HSE.5]
6. There were blockage of aisles observed at the warehouse at C1. [HSE.5]
7. The fire evacuation coordinator was not wearing identification badges or clothes. [HSE.1]
8. Fire risk assessment did not cover the dormitory. [HSE.5]
9. The fire drill for the dormitory building is only conducted once a year i.e. June 27, 2017 and April 6, 2018. [HSE.5]
10. Fire certificate for the following seven buildings: A1, C1, canteen, chemicals warehouse, and generator building expired on May 22nd 2018. Factory has applied to renew on April 10th 2018 and the bureau will check on Sept 8, 2018. [HSE.1, HSE.4]

#### Local Law or Code Requirement

Factories Act (1951) ( Article 34) and Fire Services Law (1997); FLA Workplace Code (Health and Safety Benchmarks HSE.1, HSE.4, HSE.5, HSE.6)

#### Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks.
2. Factory has conducted the internal health and safety inspection, but their monitoring action is not effective in preventing the health and safety issues at the factory.
3. Ineffective training to the Health and Safety committee.
4. Some areas in the factory are under renovation which leads to the Health and Safety issues at the factory.
5. Factory has applied to renew in April 2018, however the government bureau did not come to check the building upon expiration of the fire certificate and could only arrange the check in September 2018.

#### Recommendations for Immediate Action

1. Ensures the fire extinguisher will be added at the washing areas for the printing section.
2. Ensure emergency light and exit signs will be installed at all exits.
3. Ensure the fire water tanks will have robust systems in place to monitor the water level.
4. Ensures all exit doors open inwards.
5. Ensure all exits are easily accessible and will not be blocked.
6. Ensure the emergency light will be installed on the evacuation routes or relative section
7. Ensure all aisles are easily accessible and will not be blocked.
8. Ensure the fire evacuation coordinator wears an identification badge or clothes.
9. Ensure the fire risk assessment records cover all areas at the factory including the dormitory.
10. Ensure the fire drill training of the dormitory is conducted every six months.
11. Ensure the fire certificate of buildings is renewed and updated regularly.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Fire extinguisher shall be provided at the washing area of printing section. 2. Inspect the whole factory to make sure the installation of emergency sign and lighting at the exit doors, and provide the proper maintenance. 3. The robust system shall be installed to monitor the water level. 4. Mark the designated area for materials to avoid the blockage of exits and escape route. 5. Badges shall be provided for fire fighting team. 6. Fire risk assessment shall cover all building. 7. Fire drill for dormitory will be arranged for two time in 2019 drill plan. 8. Fire safety inspection for phase 1 (A1, C1, Canteen, chemical warehouse and generator building) has been conducted by local fire department, and the factory shall follow up for the issue of certification.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. The mark has been placed for the designated area of materials to avoid the blockage of exits and escape route. 2. Badges on chest and arms have been provided for fire fighting team. 3. Fire risk assessment has covered all building, including dormitory. 4. The origin washing area of printing section was no longer use for washing printing boards. And the factory shall continuously make sure every production area has the required fire safety equipment. 5. All emergency lighting and exit signs have been inspected by fire patrol team by monthly and fix it right away if there is any flaw be founded. 6. Fire drills for dormitory have been arranged 2 times in 2019 (Jan and July). 7. Fire safety certification for Phase 1 has been updated. 8. The monitoring system has been installed to check the water level of fire water tanks.

## FINDING NO.10

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Ventilation at the A3 printing section is still being installed. [HSE.13]
2. Ventilation fans at the A1 building was not switched on during the working hours [HSE.13]
3. Workers were not using proper lifting techniques, equipment or method when lifting up heavy goods at C1. [HSE.17]

#### Local Law or Code Requirement

Factories Act (1951) ( Article 15); FLA Workplace Code (Health and Safety Benchmarks HSE.13, HSE.17)

#### Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks.
2. Factory has conducted the internal health and safety inspection, but their monitoring action is not effective in preventing the health and safety issues in the factory.
3. Ineffective training to the Health and Safety committee.
4. Some areas in factory is under renovation which lead to the Health and Safety issue at the factory

#### Recommendations for Immediate Action

1. Ensure to install the ventilation at the A3 printing area.
2. Ensure all ventilation fans are switched on during working hours.
3. Ensures workers use proper lifting techniques, equipment or method when lifting up the heavy goods.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Install the extraction machines.
2. Make sure the ventilation fans are switched on during working hours.
3. Train the workers with the proper handling and lifting techniques.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. 7 extraction machines were installed.
2. Line supervisors are asked to monitor the ventilation fans, and make sure the fans are switched on during working hours.
3. The manual handling and lifting techniques training was updated and was conduct to workers.

## FINDING NO.11

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Lockout and tagout system is not effectively implemented. [HSE.14]
2. Outside contractor does not properly use the fall protection measures while conducting work at heights. [HSE.7]
3. Around 10% of machines do not have machine operations instructions at the facility. [HSE.14]
4. The ladder at C1 warehouse does not have an effective wheel locking system. [HSE.14]

#### Local Law or Code Requirement

Factories Act (1951) ( Article 23); FLA Workplace Code (Health and Safety Benchmarks HSE.7, HSE.14)

#### Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks.
2. Factory has conducted the internal health and safety inspection, but their monitoring action is not effective in preventing the health and safety issues at the factory.
3. Ineffective training to the Health and Safety committee.
4. Ineffective training to the maintenance staff about the lockout and tagout system.

#### Recommendations for Immediate Action

1. Ensure to implement effective lockout and tagout system in the facility and provide regular training to all maintenance staff.
2. Ensure a clear guide to distribute to all contractors about the fall protection measures while doing the high- level work.
3. Ensure machine operation instructions are posted for all machines in all languages used by workers.
4. Ensures all ladders have an effective wheel locking system.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. LOTO refresh training shall be conducted for related departments.
2. Communicate with outside contractor to discuss factory safety measures to follow.
3. SOP of machines shall be revised and provided to workplace.
4. Ladder at C1 shall be fixed.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. LOTO refresh training has been conducted for related departments to make sure employees follow LOTO requirements.
2. Engineering department take as PIC to communicate with outside contractor to discuss factory safety measures to follow.
3. SOP of machines have been revised by Tech dept and provided to workplace.
4. Ladder at C1 was fixed, and the ladder inspection checklist has been developed and hung on the ladder to ensure all ladders are in well status.
5. The workplace inspection checklist has been developed and HSE staff will regularly inspect the workplace to identify the hazard and execute in timely manners.

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Workers were not properly wearing PPE in the A3 printing section. Workers were not wearing masks. [HSE.8]
2. Around 10% of workers did not wear PPE, gloves and mask while conducting chemical mixing work in B2. [HSE.8]
3. PPE was not properly used by the maintenance staff who were operating the grinding machines. [HSE.8]
4. Workers in the B2 washing lines do not wear water boots while working on the wet floor. [HSE.8]

#### Local Law or Code Requirement

Factories Act (1951) ( Article 37); FLA Workplace Code (Health and Safety Benchmarks HSE.8)

#### Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks.
2. Factory has conducted the internal health and safety inspection, but their monitoring action is not effective in preventing the health and safety issues happening in the factory.
3. Ineffective training to the Health and Safety committee from the Health and Safety specialist.
4. Ineffective PPE training to workers from the Health and Safety specialist.

#### Recommendations for Immediate Action

1. Ensures that all workers, including printing, chemical mixing, maintenance and washing section workers wear PPE properly.
2. Ensure effective training is implemented on PPE use.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Make sure PPE are provided for needed workers, and staff shall regularly inspect the PPE wearing status.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. PPE training materials have been reviewed and updated to be more comprehensive. And the PPE training are continuously provided for all workers.
2. Appropriate PPE have been provide to workers, including A3 printing section, B2 chemical mixing area and B2 washing lines, according to PPE policy.
3. HSE staff regularly inspect workplace to make sure the employee wear PPE properly.

## FINDING NO.13

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Around 10% of chemicals were not properly labelled or stored with proper secondary containment, such as in Building A2. [HSE.9]
2. MSDS is not available for the one type of glue used in Building A2. [HSE.10]
3. Ineffective risk assessment has led to Personal Protective Equipment (PPE) not being used by workers handling the chemicals in areas such as Building A1. [HSE.7]
4. Knowledge of the chemical warehouse personnel can be further increased, in particular, on earthing systems and the transfer of solvents. [HSE.9]
5. One eyewash shower in the mixing room had insufficient pressure. [HSE.18]
6. Chemicals, such as glue, are not stored separately and are exposed to sunlight in Building A1. [HSE.9]

#### Local Law or Code Requirement

FLA Workplace Code ( Health and Safety Benchmarks HSE.7, HSE.9, HSE.10 and HSE.18)

#### Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks.
2. Factory has conducted the internal health and safety inspection , but their monitoring action is not effective in preventing the health and safety issues at the factory.
3. Ineffective training to the Health and Safety committee by the Health and Safety specialist.
4. Ineffective chemical safety training to workers by the Health and Safety specialist.

#### Recommendations for Immediate Action

1. Ensures all chemicals are properly labeled and stored with a secondary container and with the correct MSDS.
2. Ensures all eyewash showers in the mixing room has sufficient pressure.
3. Ensure all chemicals are stored in secure and ventilated areas.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. All chemical containers shall be proper labelled and stored with proper secondary containment.
2. MSDS for glue used in A2 shall be provided.
3. Proper PPE shall be provided for all needed workers.
4. All chemicals shall be separately stored by types and make sure chemicals are stored at proper areas. The chemical safety trainings shall be conducted for chemical warehouse staff.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. All chemical containers have been proper labelled and stored with proper secondary containment.
2. MSDS for glue used in A2 has been provided.
3. Proper PPE have been provided for all workers who work in chemical handling area.
4. All chemicals are separately stored by types and make sure chemicals are stored at proper areas. The chemical safety trainings were conducted for chemical warehouse staff on Oct 30th in 2018. The workplace inspection checklist is developed and HSE staff will regularly inspect the workplace to identify the hazard and execute in timely manners.
5. The water pressure of the eyewash shower in the mixing room has already been fixed.

## FINDING NO.14

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. Speed limit sign is only posted at the entrance of the facility. [HSE.19]
2. First aid kit is not provided in the 2nd Canteen building. [HSE.6]
3. There are locked first aid boxes and the information of the key holder was not properly posted e.g. at Building A1 [HSE.6]
4. Food is transported on an open trolley. This method of transportation can be further improved to ensure hygiene standards are met. [HSE.22]
5. At the time of the audit, some toilets were still in the midst of installing hand dryers and toilet paper [HSE.19]
6. There was water build up on the floor of the air compressors room in Building B2, which increases the risk of electric shock. [HSE.19]
7. Signs are not properly put up for all confined spaces. [HSE.19]
8. Ladder at C1 warehouse does not have an effective wheel locking system. [HSE.14]
9. Drinking water test was limited to items such as E. Coli, Chloride, Iron and pH test. [HSE.23]
10. There is no childcare and nursery facility at the facility, which is a legal requirement. [HSE.27]

#### Local Law or Code Requirement

Factories Act (1951) (Article 13-14, 20 , 38 , 47 and 51); FLA Workplace Code ( Health and Safety Benchmarks HSE.6, HSE.14, HSE.19, HSE.22, HSE.23 and HSE.27)

#### Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks.
2. Factory has conducted the internal health and safety inspection, but their monitoring action is not effective to prevent the health and safety issues at the factory.
3. Ineffective training to the Health and Safety committee.
4. Some areas in the factory are under renovation which leads to the Health and Safety issues at the factory.

#### Recommendations for Immediate Action

1. Ensure the speed limit is posted and available at the facility.
2. Ensure the first aid kit is provided at the 2nd Canteen building.
3. Ensure the information of the key holder is properly posted next to the first aid box.
4. Ensure method of transporting the cooked foods is improved to ensure the hygiene standards.
5. Ensure the air compressor room is clean without water built up.
6. Ensure the hand dryer and toilet paper is installed in all toilets.
7. Ensure signs are properly put up at all confined space.
8. Ensure the ladder at C1 warehouse have an effective wheel locking system.
9. Ensure drinking water test covers all items.
10. Ensure that there is a childcare and nursery facility at the facility.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The speed limit sign shall be posted around the factory. 2. First aid kit shall be provided in 2nd floor of Canteen. 3. All first aider information and contact number shall be posted. 4. The proper trolley with tray to transport food will be provide in canteen to ensure hygiene of food. 5. Hand dryers shall be installed in restrooms. 6. The water leakage of air compressor room shall be improved. 7. Signs shall be posted for all confine space areas. 8. The ladder shall be fixed. 9. The drinking water has been tested for 11 parameters so far, and it will be tested for 24 parameters. 10. Childcare and nursery facilities will be built in the factory, and the timeline will be proposed after design is confirmed.

#### Planned completion date

09/18/18

#### Company Action Plan Update

1. First aid kit has been provided in 2nd floor of Canteen. 2. The information and contact number of all first-aiders who hold the key of first aid boxes was posted on the first aid boxes. 3. Hand dryers have already been installed in restrooms. 4. The water leakage of air compressor room has been improved. 5. The ladder at C1 has been fixed, and the ladder inspection checklist which will be hung on the ladder is developed to ensure all ladders are in safe condition. 6. The proper food transportation method has been improved to ensure there is no hygiene problem. (No storage or put food below of the trolley, and no double stacks place on the food tray) 7. Confined spaces signs have been posted. 8. The drinking water quality has been tested according to the standard in December 2019. 9. Speed limit signs have been posted around the factory at production building points of A2, A3, middle of A3, C2, B3, B2, B1, D3, and D1.

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. The workers representative at Worker Coordination Committee were actually the Supervisors instead of production workers.

#### Local Law or Code Requirement

The Labour Organization Law No. 7 (2011), Art. 3; FLA Workplace Code (Freedom of Association Benchmarks FOA 2)

#### Root Causes

1. Management lacks awareness of the FLA Workplace Code and Benchmarks & respective law requirement
2. Lack of knowledge and awareness of general production workers.

#### FLA's Recommendations for Sustainable Improvements

1. Ensure the workers representative for Worker Coordination Committee includes production workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

In June of 2018, the worker representatives of Worker Coordination Committee were chosen by following standards:

(1) All of the representatives were elected by workers themselves, and the election procedures were: Firstly, workers recommended the suitable person freely, and from those recommended people, the top 6 workers were recognized as candidates of worker representatives. The election was held to elected for 3 final worker representatives of WCC from 6 candidates, and all of the workers were encouraged to join the election.

(2) There was no job position limitation for the recommendation or candidate of the worker representatives.

(3) The election process were discussed with the worker representatives at that time before the election, and the workers suggested that the representatives shall be the role model of all workers without bad discipline, so the requirements of worker representatives were discussed in the WCC meeting. ( Requirements: 1.At least 1 year service in the factory 2.Free from any disciplinary cases)

To encourage the participation of production workers on WCC, the factory would continuously provide the FOA trainings for workers to promote the purpose of WCC.

#### Planned completion date

09/20/18