



FAIR LABOR  
ASSOCIATION<sup>®</sup>

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: Vietnam

ASSESSMENT DATE: 09/17/18

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Apparel

NUMBER OF WORKERS: 8928

## 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 policies or procedures on Personnel Development. There are only cursory written policies for Recruitment & Hiring, which lack several elements, including promotion, demotion, and reassignment schemes, performance reviews, job grading, discrimination, feedback, and compliance with legal requirements. The procedures on Recruitment & Hiring lack the skills development to advance workers in their careers. [ER.1, ER.28, ER.29, ER.30]
2. There are no procedures for Wages and Benefits. [ER.1]
3. 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 requirements. [ER.1, ER.19, ER.32]
4. The written procedures on Environmental Protection lack protections for workers who allege environmental violations. [ER.31]
5. The Health & Safety procedures lack evacuation plans for personnel, visitors, contractors, and service providers, and steps to ensure all special categories of workers safely evacuate. [ER.14].

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, ER.19, ER.28, ER.29, ER.30, ER.31 and ER.32)

#### COMPANY ACTION PLANS

##### Action Plan no 1.

##### Description

1. Factory will review, revise and update all policies or procedures with legal requirement; making plan for training to all employees. Company policy will be updated and delivered to all workers.
2. Factory already established the wage and benefit policy and procedure.
3. Factory will revise procedure on termination & retrenchment as legal requirement.
4. Factory will revise procedure on environment protection as legal requirement.

5. Factory will revise procedure on Health & safety as legal requirement.

Planned completion date

10/11/18

Company Action Plan Update

1. Per document reviewing, factory already established policies on Personnel Development. The written policies for Recruitment & Hiring is included promotion, demotion, and reassignment schemes, performance reviews, job grading, discrimination, feedback, and compliance with legal requirements and the skills development to advance workers in their careers.

2. Per document reviewing, factory already established the procedures for Wages and Benefit.

3. Per document reviewing, factory already revised the written procedures on Termination & Retrenchment included 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 requirements.

4. Per document reviewing, factory already revised the written procedures on Environmental Protection included protections for workers who allege environmental violations.

5. Per document reviewing, factory already revised the Health & Safety procedures included lack evacuation plans for personnel, visitors, contractors, and service providers, and steps to ensure all special categories of workers safely evacuate.

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide any training to employees regarding Recruitment, Hiring & Personnel development practices, Workplace Conduct & Discipline, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Grievance Systems, Health & Safety, or Environmental Protection. [ER.1, ER.15]

2. Qualified trainers have not taught chemical safety to workers who interact with chemicals in the printing section or laboratory room. [HSE.9]

3. The factory provides personal protective equipment (PPE) training to workers; however, the training was not effective, as some workers still do not use PPE properly. It was observed that about 15% of workers were not using PPE properly in sewing and cutting. [HSE.8]

4. The factory has no specific training for relevant managers and supervisors on Recruitment, Hiring & Personnel development, or Grievance systems, including non-retaliation. [ER.1, ER.17]

5. The factory does not provide ongoing training on workplace standards or the Code of Conduct. [ER.17]

Local Law or Code Requirement

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory already provided training regarding Recruitment, Hiring & Personnel development practices, Workplace Conduct & Discipline, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Grievance Systems, Health & Safety, or Environmental Protection for new workers and general employees as well.
2. Safety training already finished for workers who interact with chemicals in the printing section or laboratory room.
3. Factory will re-train about using PPE. Factory will monitor workers for compliance.
4. Factory already provided training for relevant managers and supervisors on Recruitment, Hiring & Personnel development, or Grievance systems, including non-retaliation. Moreover, factory will conduct additional procedures training for workers.
5. Factory already provided training on workplace standards or the Code of Conduct.

#### Planned completion date

10/11/18

#### Company Action Plan Update

1. Per document reviewing and worker's interview, factory already provided training to all employees regarding to regarding Recruitment, Hiring & Personnel development practices, Workplace Conduct & Discipline, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Grievance Systems, Health & Safety, or Environmental Protection
2. Per document reviewing and worker ' interview, factory already provided chemical safety to 173 workers who interact with chemicals in the printing section or laboratory room.
3. Per factory walk through, employees at production workshop worn their provided PPE as mask, apron, head scraft while working at production workshop. Factory already provided refresh PPE training t all employees in April 2019.
4. Per document reviewing and worker & supervisor's interview, factory already provided specific training for relevant managers and supervisors on Recruitment, Hiring & Personnel development, or Grievance systems, including non-retaliation.
5. Per document reviewing and worker's interview, factory already provided ongoing training to all employees regarding to on workplace standards or the Code of Conduct.

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The factory does not communicate the policies or procedures or their updates for the general workforce, including Recruitment, Hiring & Personnel Development, Wages & Benefits, Hours of Work, Environmental Protection, Grievance System, Termination & Retrenchment, Workplace Conduct & Discipline, Industrial Relations & Freedom of Association, or 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 )

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory already provided training but did not post on the bulletin board to communicate to all employees. Factory will correct it.

##### Planned completion date

10/11/18

##### Company Action Plan Update

1. Per document reviewing and worker & supervisor's interview, factory already provided training on policies/ procedures of Recruitment, Hiring & Personnel Development, Wages & Benefits, Hours of Work, Environmental Protection, Grievance System, Termination & Retrenchment, Workplace Conduct & Discipline, Industrial Relations & Freedom of Association, or Health & Safety to all employees.

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The factory does not conduct a periodic review or update policies and procedures for Recruitment, Hiring & Personnel Development, Workplace Conduct & Discipline, Termination & Retrenchment, Grievance System, Industrial Relations & Freedom of Association, Environmental Protection, Hours of Work, Wages & Benefits, or Health & Safety according to local laws, regulations, and FLA code requirements. [ER.1, ER.29, ER.30 , ER.31]

##### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

## Action Plan no 1.

### Description

1. Factory already updated policies and procedures for Recruitment, Hiring & Personnel Development, Workplace Conduct & Discipline, Termination & Retrenchment, Grievance System, Industrial Relations & Freedom of Association, Environmental Protection, Hours of Work, Wages & Benefits, or Health & Safety according to local laws, regulations, and FLA code requirements. Factory also provided employee handbook to all employees.

### Planned completion date

10/11/18

### Company Action Plan Update

1. Per document reviewing, factory already conducted periodic review and update policies and procedures for Recruitment, Hiring & Personnel Development, Workplace Conduct & Discipline, Termination & Retrenchment, Grievance System, Industrial Relations & Freedom of Association, Environmental Protection, Hours of Work, Wages & Benefits, or Health & Safety according to local laws, regulations, and FLA code requirements.

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

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

##### Finding Explanation

1. The factory has not conducted performance reviews for any workers [ER.29]
2. The factory has not provided workers with written orientation materials or workplace rules. [ER.15]
3. The factory does not have job descriptions written for all jobs. At the time of the assessment, the job descriptions for ironing, packing, and warehouse were missing. [ER.11]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.11, ER.15 and ER.29)

##### Recommendations for Immediate Action

1. Conduct performance reviews of all workers.
2. Provide written materials regarding orientation and workplace rules.
3. Maintain job descriptions of all positions.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory will conduct performance review for all workers every 6 months.
2. Factory already provided orientation training to new workers and annual training to general employees on workplace rules and provided employees handbook to workers.
3. Factory already established written job description for all jobs.

##### Planned completion date

10/11/18

## Company Action Plan Update

1. Per document reviewing and worker's interview, factory has conducted performance reviews for all employees every 6 months.
2. Per document reviewing and worker's interview, factory already provided orientation training for new employees on 2 days and delivered employee's handbook regarding to workplace rule to all new employees.
3. Per document reviewing, factory already conducted job descriptions written for all jobs included ironing, packing, and warehouse section.

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. There is a report of line leaders verbally abusing workers, confirmed by both employees and union meeting records. [H/A.5]
2. Disciplinary policies and procedures differ from management practice in the factory. For example, the factory regulations state employees will receive a warning letter if they swipe into work on behalf of fellow employees, while the factory terminated at least three workers for this action. In addition, the factory terminated an employee for not following a supervisor's instructions, while the factory regulations state a warning letter to the worker is sufficient. In addition, several workers' cases showed the factory did not follow steps required by the Internal Labor Regulation, CBA, or internal disciplinary policy. [ER.27]
3. The factory keeps records of disciplinary actions separate from employee personnel files. [ER.27]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27, Harassment or Abuse Benchmark H/A.5)

##### Recommendations for Immediate Action

1. Train and monitor line leaders on appropriate attitudes, behaviors, and social norms regarding workers.
2. Align disciplinary policies and procedures with implementation.
3. Keep employee disciplinary records in employee personnel files.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will re-train all workers about CoC and strictly discipline if anyone verbally abusing workers. All staff would never insult individual and worker's families.

\* Addition in company rule (discipline)

\* The Admin department keep a sign on document that the staff understood.

2. Factory still follows the rules. Because workers cheated company on working. They did just work 4 hours and was swept card by another worker. But line leader recorded 8 hours for them and they was paid salary on 8 hours.

3. Factory keeps records of disciplinary actions separate from employee personnel files.

Planned completion date

10/11/18

Company Action Plan Update

1. Per document reviewing, factory already disciplined a line leader as company regulation. Factory also reminded and trained on non harassment and abuse policy to all line leaders. Disciplinary regulation on harassment/ abuse is updated in company rule.
2. Per document reviewing and worker ' interview, line leader and 2 workers violated company regulation with the disciplinary action is dismissal regarding to cheating working hour to get money from company. Dismissal letter was confirmed by line leader, 2 workers and worker's representative- Trade Union.
3. Per document reviewing, records of disciplinary actions is kept on employee personnel files.

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. The factory has not established an anonymous grievance system. Currently, worker names and ID numbers are required when workers submit a complaint. [ER.25]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarking ER.25)

##### Recommendations for Immediate Action

1. Establish an anonymous grievance system. Once established, provide training to workers on the process.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory has the grievance system receiving all complaints including the anonymous complaint, and there is actually the record.

##### Planned completion date

10/11/18

Company Action Plan Update

1. Per document reviewing, factory already revised an anonymous grievance/complaint in grievance mechanism system. Actually, factory did not required worker names and ID numbers when workers submit a complaint.

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED



## FINDING TYPE: Hours of Work

### Finding Explanation

1. Individual workers have not signed voluntary overtime registration forms. Currently, only Trade Union and factory management have signed the forms. [HOW.8]
2. The factory arranged for regular overtime of 1.5 hours for the majority of workers. [HOW.7]
3. The registration form is not clearly communicated to workers. [ER.16]

### Local Law or Code Requirement

Vietnam Labor Code , 10/2012/QH13, Article 106. Overtime work, Point 2; FLA Workplace Code (Employment Relationship Benchmarks ER.16; Hours of Work Benchmark HOW.7, HOW.8)

### Recommendations for Immediate Action

1. Ensure all workers individually sign the voluntary agreement form before completing overtime work.
2. Ensure there is no regular overtime.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Factory will make OT registration form, training to all workers.
2. Factory did not violate FLA requirement, local law on working hour.
3. Factory will revise the OT registration form.

#### Planned completion date

10/11/18

#### Company Action Plan Update

1. Per document reviewing and worker's interview, 11 out of 11 selected production workers confirmed they signed on voluntary OT application form by themselves. They are informed OT schedule on every Saturday afternoon by line leader. If they don't want to work OT, factory has not forced them work OT. Factory also provided training on working OT procedure and OT policy.
2. Per document reviewing and worker's interview, 11 out of 11 selected production workers confirmed they worked OT 1.5 hours per day from Monday to Friday and not exceed local law requirement on OT hours.
3. Per document reviewing and worker 's interview, 11 out of 11 selected production workers confirmed they was trained on working OT procedure and OT policy on Dec 2018. HR officer and supervisor will check and communicate the OT procedure to workers regularly to ensure they well understand on OT registration form and policy/ procedure from Oct 2018.

## FINDING NO.9

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Compensation

### Finding Explanation

1. The factory does not monitor subcontractors for compliance. The factory employs an outsourced company for all security guards and

housekeeping staff. The outsourced company handles compensation and payment records are not kept by the factory. The outsourced company keeps all employee attendance records, as well. The factory only keeps personnel files for security guards. [ER.22, C.1, C.2, C.5, C.7]

2. Management does not provide the 258 vocational training workers Social Insurance or a 5% allowance for performing hazardous and toxic jobs. [C.1, C.10]

3. Management does not provide Social Insurance for probation or training workers. [C.1, C.10]

#### Local Law or Code Requirement

Vietnam Labor Law , Social Insurance no. 58/2014/QH13, Article 2, Point 1b, Decision No. 959/QĐ-BHXH, Article 6, Clause 2.2; FLA Workplace Code (Employment Relationship Benchmarks ER.22; Compensation Benchmarks C.1, C.2, C.3, C.5, C.7)

#### Recommendations for Immediate Action

1. Monitor all outsourced service providers. Establish a proactive system to ensure payment of all outsourced security and housekeeping staff aligned with legal requirement.

2. Provide 5% of basic wage as allowance for performing hazardous and toxic jobs for all applicable workers.

3. Provide Social Insurance to workers with labor contracts under three months, as required by law.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Subcontractor do not provide attendance report, payment record. Because they keep secret for their profit. This is approved over long time.

2. Social insurance company does not require payment. But this year factory will start payment toxic allowance.

3. Vietnam law does not require providing the social insurance for probation or training worker.

#### Planned completion date

10/11/18

#### Company Action Plan Update

1. Per document reviewing, factory kept monitoring for attendance records and payroll records for security subcontractor only and there is no records for housekeeping staff for reviewing. (In progress)

2. Per document reviewing, factory already paid 5% hazardous or toxic allowance which is included in contracted salary for worker who work at hazardous and toxic jobs during vocational period. As Vietnam law requirement and social insurance law, it not requires factory must contribute social insurance for vocational workers. (Completed on 11-Jul-2019)

3. As Vietnam law requirement and social insurance law, it does not require factory must contribute social insurance for probation or training workers.

## FINDING NO.10

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. A copy of the Collective Bargaining Agreement (CBA) was not posted on the announcement board or provided to workers. [ER.16]

2. Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that “the rights of workers to establish organizations of their own choosing implies . . . the effective possibility of forming . . . [trade unions] independent both of those which exist already and of any political party.” Vietnam’s legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association. [FOA.2]

Local Law or Code Requirement

ILO Conventions 87 or 98; FLA Workplace Code (Employment Relationship Benchmarks ER.16; Freedom of Association Benchmark FOA.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. Factory will post the copy CBA on the announcement board.
2. Factory will follow Vietnam law.

Planned completion date

10/11/18

Company Action Plan Update

1. Per factory walk through, factory already posted a copy of the Collective Bargaining Agreement (CBA) on the bulletin board.

## FINDING NO.11

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

Finding Explanation

1. Fire alarms are not linked within the factory; the fire alarm in workshop 5 is broken. Moreover, the fire alarms in workshops 3 and 5 are not audible enough given the size of the spaces. [HSE.5]
2. The centralized fire alarm in the security room malfunctions. [HSE.5]
3. It took three to five minutes for the smoke detector system to alert after being tested. [HSE.5]
4. The firefighting certificates for the firefighting team captain and deputy captain expired in 2009 and 2010, respectively. [HSE.1, HSE.4]

Local Law or Code Requirement

Vietnam Labor Law, Item 6.1.1, Clause 6, Nation standard (TCVN) No. 3890:2009, No. 2726/QĐ-BKHCN; Point 6.2.2, Clause 6; Vietnam Labor Law, No. 2726/QĐ-BKHCN; Circular No. 66/2014/TT-BCA dated on December 16, 2014, No. 79/2014/ND-CP Dated July 31, 2014 Article 16; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.4, and HSE.5)

Recommendations for Immediate Action

1. Link all fire alarms within the facility. Ensure audibility of all alarms.
2. Conduct regular monthly inspections of the centralized fire alarm in the security room and ensure functionality.
3. Conduct regular inspections of the smoke detector system and ensure functionality.
4. Provide proper firefighting training to Captain and Deputy Captain once every two years.

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. The fire alarm was approved by fire department. Fire alarm at workshop 5 is just broken its cover. It is worked during testing. Fire alarms in workshop 3 and 5 are audible.
2. Factory will repair the fire alarm.
3. During the testing, the smoke is not numerous enough for alert. Actually, it just takes 15 seconds for alert by smoke detector.
4. Factory will get certificates for the firefighting team captain and deputy captain.

Planned completion date

10/11/18

Company Action Plan Update

1. Per factory walk through, fire alarms are linked within the factory. The fire alarm in workshop 5 was fixed already. The fire alarms in workshops 3 and 5 are audible enough given the size of the spaces during testing.
2. Per factory walk through, factory already fixed centralized fire alarm in the security room and it is functional while testing.
3. Per factory walk through, the smoke detector system is functional for alert while testing.
4. Per document reviewing, factory already provided fire safety training for captain and vice captain of fire fighting team and got fire safety certification on 5th and 6th October 2018.

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

Finding Explanation

1. There is only one designated exit door for the finished goods warehouse and one for the metal inspection room. Additionally, the exit door at the finished goods warehouse slides; the door cannot open outward. [HSE.5]
2. Management keeps one of two designated exit doors in the air compressor room for Workshops 7 and 13 locked during work hours. [HSE.5]
3. Goods and baskets obstruct work stations, including those for metal inspection, finishing, and sewing. [HSE.5]
4. Goods and trolleys obstruct exit routes and main aisles in the material warehouse, the metal inspection room, and Workshops 2, 3, 7. [HSE.5]
5. Trolleys and baskets obstruct designated exit doors in printing room workshops 5 and 6. [HSE.5]
6. Emergency lights are missing in the cutting room, air-compressor room for Workshop 7, and the finished goods warehouse in Workshop 8. [HSE.5]

Local Law or Code Requirement

Vietnam Labor Law, Item 3.3.1, National Standard (QCVN) No. 06:2010/BXD (Vietnam Building Code on Fire Safety of Buildings); Item 11.6.1, National Standard (TCVN) No. 439/BXD-CSXD and Item 11.6.1.3, Chapter 11, National Standard (TCVN) No. 439/BXD-CSXD; FLA Workplace Code (Health, Safety and Environment HSE 1, HSE.5)

Recommendations for Immediate Action

1. Install at least two exit doors in the finished goods warehouse and metal inspection room.
2. Ensure all exit doors open outward.
3. Keep all exit doors unlocked during working hours.
4. Unobstruct work stations.

5. Clear all exits routes and main aisles.
6. Clear all exit doors of obstructions.
7. Install emergency lights at all exit doors.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Inspection room and sub material room is small room so no need two exit doors and factory already change 1 slide door by open outward door for finished goods warehouse.
2. Air compressor room is no one works. Factory no need prepare exit sign, the door only use when moving air compressor machine.
- 3 and 4 and 5. This is working time the worker just put goods and trolleys temporary and the move to another section. They did not put for a long time.
6. The room is too small and less than 5 people working in the room. The room was installed 1 emergency light at exit door. Based on the law requirement, factory doesn't need to designate 1 more exit door.

#### Planned completion date

10/11/18

#### Company Action Plan Update

1. Per factory walk through, factory already assigned 1 more exit for finished good warehouse and metal inspection room. Exit door at finished good warehouse were changed to push bar door and open outward doors.
2. Per factory walk through, there is no worker in the air compressor room at workshop 7 and 13 and the room is very small and 1 exit door is enough as law requirement. Other exit is not designed for exit door with the warning signed "not for exit" and removed exit sign already.
3. Per factory walk through, goods and baskets are not obstructed work stations, including those for metal inspection, finishing, and sewing.
4. Per factory walk through, goods and trolleys are not obstructed exit routes and main aisles in the material warehouse, the metal inspection room, and Workshops 2, 3, 7.
5. Per factory walk through, trolleys and baskets are not obstructed exit doors in printing room workshops 5 and 6.
6. Per factory walk through, emergency lights are available and functional in the cutting room, air-compressor room for Workshop 7, and the finished goods warehouse in Workshop 8.

## FINDING NO.13

### IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

#### Finding Explanation

1. Materials obstruct the view of three exit signs in the material warehouse. [HSE.5]
2. Running electrical wires are around work stations in the cutting sections of Workshops 2, 3 and 6. [HSE.13]
3. There was no exit sign and emergency light installed at staircase and exit door in the management dormitory where at least 9 foreign managers staying at the dormitory [HSE.5]
4. There is only one exit door in the dormitory building, for nine residents. [HSE.5]
5. Several directional arrows and floor markings are missing or faded in Workshops 1, 2, 3, 7, and 10, the sample room, material warehouse, printing room, metal inspection room, and FQC workshop. [HSE.5]
6. The evacuation map is incomplete. The locations of the fire extinguisher, fire alarm, and meeting point are not marked. [HSE.5]

#### Local Law or Code Requirement

Vietnam Labor Law, Item 3.3.1, National Standard (QCVN) No. 06:2010/BXD (Vietnam Building Code on Fire Safety of Buildings); Item 11.6.1, National Standard (TCVN) No. 439/BXD-CSXD and Item 11.6.1.3, Chapter 11, National Standard (TCVN) No. 439/BXD-CSXD; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.5 and HSE.13)

#### Recommendations for Immediate Action

1. Ensure exit signs are easily readable and unobstructed.
2. Maintain all electrical wires properly.
3. Install exit sign and emergency light in staircase and at exit door of the management dormitory.
4. Install at least two exits in the management dormitory.
5. Mark directional arrows and other floor markings clearly throughout the factory.
6. Include all necessary information clearly in the evacuation map.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

- 1 and 2. Factory already installs so many exit sign at main exit routes and it is easy to recognize. (Completed)
3. This is a private house for 9 Japanese only not dormitory for worker. Actually emergency lights were install in the private house.
4. This is a private house for 9 Japanese only not dormitory for worker.
5. Factory repainting direction arrows in all workshops making faded.
6. Factory will revise the evacuation map all workshops.

#### Planned completion date

10/11/18

#### Company Action Plan Update

1. Per factory walk though, three exit signs in the material warehouse are not obstructed by materials.
2. Actually, straight knife cutting machine is portable machine. It could not fixed the electrical wire. Its electrical wire is not splices by tape and not put on wet floor.
3. Factory has not agree with finding. This is the private house for Japanese only and not dormitory for workers. Actually factory already installed the emergency light at Japanese private house.
4. Factory has not agree with finding. This is the private house for Japanese only and not dormitory for workers.
5. Per factory walk though, directional arrows and floor markings are available in Workshops 1, 2, 3, 7, and 10, the sample room,

material warehouse, printing room, metal inspection room, and FQC workshop. (Completed)

6. Per factory walk through, locations of the fire extinguisher, fire alarm, and meeting point were marked in evacuation map already.

## FINDING NO.14

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. First aid kit is not placed at the management dormitory where at least nine foreign managers are staying at the dormitory. [HSE.6]
2. There was only one first aid kit, Class C, per workshop, for 800 workers. There were only seven secondary first aid boxes with adhesive tape, bandages, and Saline NaCl 9%. Several first aid supplies, including medical tape and cotton balls, were missing from the first aid boxes in the Cutting, Sewing, QC and Packing workshops. [HSE.6]
3. Finished goods and materials were stacked higher than two meters in Workshops 1, 2, 3, 4, 5, 6, 7 and 10, which have the potential risk of falling on workers.
4. The factory did not have drinking water tests posted at the drinking water stations. Management tests the drinking water once every six months, instead of every three months. The latest test was on June 22, 2018. [HSE.1, HSE.23]

##### Local Law or Code Requirement

Vietnam Labor Law, Circular No. 19/2016/TT-BYT, Article 6. Requirements for first aid kits; Circular 09/2000/ TT- BYT, Section III, Point 3; Circular 50/2015/TT-BYT dated on December 11, 2015 on Examination Of The Hygiene And Quality Of Drinking Water And Domestic Water, Article 8; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.6, HSE.23)

##### Recommendations for Immediate Action

1. Place the first aid kit in the management dormitory.
2. Provide sufficient number of first aid kits to workers, stocked with necessary supplies.
3. Stack all finished goods and materials no higher than 2 meters.
4. Test the drinking water every 3 months.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. This is a private house for 9 Japanese only not dormitory for worker.
2. Factory already provided 1 first aid kit class C and 7 small first aid kits in each workshop. Vietnam law does not require to install more first aid kit class C.
3. Factory will re-train workers in warehouse to keep goods not over higher than two meters and manager will check it.
4. Factory will have drinking water test every three months and post at drinking water area.

##### Planned completion date

10/11/18

##### Company Action Plan Update

1. Per factory walk through, factory already equipped the first aid kits box at Japanese private house.

2. Per factory walk through, factory already provided 1 first aid kits class C with 27 first aid items as law requirement. Beside that factory has provided more 07 added first aid kits boxes for each production workshop to ensure enough for employees.
3. Per factory walk through finished goods and materials were stacked neatly and not higher than two meters in Workshops 1, 2, 3, 4, 5, 6, 7 and 10.
4. Per document reviewing and factory walk through, factory already conducted drinking water test every 3 months and post drinking water testing result near water dispenser machine.

## FINDING NO.15

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. At least four chemicals are not labeled or provided with secondary containments in the sample section and printing room. [HSE.9]
2. Material Safety Data Sheets (MSDS) are not posted at the hazardous waste storage room. [HSE.10]

##### Local Law or Code Requirement

Vietnam Labor Law on Chemicals no. 06/2007/QH12, dated on November 21, 2007, Article 13; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.9, HSE.10)

##### Recommendations for Immediate Action

1. Provide secondary containments for all chemicals at the facility.
2. Post MSDS in all areas with chemicals.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory will check chemicals again and make sure all are Vietnamese labeled, provided with secondary containment in sample section and printing room. Factory also will re-train safety in working for worker who using chemical.
2. Factory will post MSDS at the hazardous waste storage room.

##### Planned completion date

10/11/18

##### Company Action Plan Update

1. Per factory walk through, chemicals at sample section and printing room is labeled and provided with secondary containment in the sample section and printing room. Compliance team will check daily and remind supervisor in printing room an sample room have to update the list of chemical to ensure all chemical is posted label and put in secondary containment from Oct 2018.
2. Per factory walk through, MSDS is posted at hazardous waste storage room.



### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory has not provided dormitory canteen staff with health services. [HSE.1, HSE.22]
2. The factory has not posted translated dormitory regulations for foreign workers. [HSE.25]
3. The factory has no established safety Standard Operating Procedures (SOPs). [HSE.14]
4. The factory has not committed to food safety in the dormitory canteen as they were not able to provide the hygiene commitment letter approved by government bureau. [HSE.22]
5. The factory has never conducted asbestos exposure assessments. [HSE.1]
6. The distance between workshop buildings is not wide enough for emergency vehicles to gain access in case of emergency. [HSE.19]
7. Traffic lanes and walking paths are not clearly marked, causing conflict between container trucks and employees on foot. [HSE.19]

##### Local Law or Code Requirement

Vietnam Labor Law (Circular 13/ 1996/ BYT-TT, Section III and Circular 13/ 2007/ TT- BYT); FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.14, HSE.19, HSE.22, HSE.25)

##### Recommendations for Immediate Action

1. Provide health checks for the canteen staff working in the foreign dormitory.
2. Translate and post the dormitory regulations in the foreign dormitory.
3. Establish and communicate safety SOPs for each position.
4. Commit to food safety in the foreign dormitory canteen.
5. Conduct an asbestos exposure assessment.
6. Ensure the distance between workshop buildings is wide enough for emergency vehicles to gain access in case of emergency.
7. Clearly mark all traffic lanes and walking paths.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1 and 2.This is a private house for 9 Japanese only, not dormitory for worker with a small kitchen. Law is not required health check for staff who works in private house.

3. Factory already established SOP for boiler, air compressor...

4. Vietnam law is not required the hygiene commitment letter approved by government bureau for small kitchen.

5. Factory already conducted asbestos assessment.

6. Factory have built so that fire police suggest to set up more fire hoses outside factory.

7. Factory will request security guide and control truck and container during working time, making traffic lane in the future.

##### Planned completion date

10/11/18

##### Company Action Plan Update

1 and 2. Factory has not agree with finding.This is the private house for Japanese only and not dormitory for workers.

3. Per document reviewing, factory already established Safety Standard Operating Procedures (SOPs) for machine. (Completed)

4. Factory has not agreed with this finding.

5. Per document reviewing, factory already conducted the asbestos exposure assessment in 2018 and 2019. Compliance team will check and conduct asbestos exposure assessments annually from Oct 2018. (Completed)

6. Per document reviewing, factory is approved by fire department when they built their facility and no comment on distance between workshop building since 2009. During fire inspection by fire police on 01 July 2019, they approved for factory about the distance between workshop building. To ensure for fire safety, factory already installed more fire hose reel and fire extinguishers for each workshop. (Completed)

7. The route for vehicle in factory is very small and not enough space to mark traffic lane. Factory has assigned security to control traffic safety while vehicle is running in factory during worker work in production facility. Truck and container truck are not allowed go inside when workers come in. While worker come out, truck and container truck are required stop moving and security at main gate strictly checks this requirement to ensure safety for all employees. (In progress)

## FINDING NO.17

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not provide anti-fatigue mats to standing workers. At least two cutting workers used broken metal mesh gloves in Workshop 6. [HSE.17]
2. Approximately five percent of workers did not use needle guards in the sewing machines. [HSE.7]
3. The exit doors of all workshops lead to stairs outside. However, there is no significant sign noting the stairs. There was also a step at the elevator entrance in the FQC building without a fence or another safety warning sign. [HSE.5]

##### Local Law or Code Requirement

Vietnam Labor Law, No. 2622:1995 Fire prevention and protection for buildings and structures - Design requirements, Point 7.5; Decree 79/2014/ND-CP, dated on July 31, 2014, Chapter 2, Article 7, Point 1; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE 5, HSE.7, HSE 17)

##### Recommendations for Immediate Action

1. Provide anti-fatigue mat to standing workers.
2. Properly maintain all personal protective equipment.
3. Train all workers to properly use needle guards.
4. Post signs of possible dangers to minimize injuries to workers.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory will make a better way for the anti-fatigue way while considering about the job efficiency.
2. Factory will provide safety training.
3. Check all exit doors to all workshops lead to stairs outside and change exit door with significant sign noting the stair.

Planned completion date

10/11/18

Company Action Plan Update

1. Per factory walk through, factory already provided new metal mesh gloves cutting workers in Workshop 6. Factory has not provided anti-fatigue mats to workers who stand for working. (In progress)
2. Per factory walk through, workers used needle guards while operate sewing machines. (Completed)
3. Per factory walk through, factory already equipped exit light with significant sign is noting the stairs. The step at the elevator entrance in the FQC building is for loading only. Factory posted the safety warning sign "not for exit" already. (Completed)