



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: Vietnam

ASSESSMENT DATE: 10/23/18

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Apparel

NUMBER OF WORKERS: 6481

Summary of Code Violations

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

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

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The factory does not have any written policies or procedures on the following Employment Functions: Recruitment, Hiring & Personnel Development; Retrenchment; Industrial Relations. [ER.1, ER.7, ER.19, ER.25, ER.28, ER.29, ER.30, ER.32]

2. The factory does not have any written policies on Hours of Work or Grievance System. [ER.1, ER.23, ER.25]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.7, ER.19, ER.23, ER.25, ER.28, ER.29, ER.30, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will include the Employment Functions in the policy in written form. (In progress) 2. Factory will include Hours of Work and Grievance system in the policy in written form. (In progress)

Update on 19th September 2019.

1. Factory is still under progress to improve.

Planned completion date

11/13/18

Company Action Plan Update

2. Based on document review, the factory has written policies on Hours of Work or Grievance System. (Completed)

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide ongoing training to workers on any of the Employment Functions. [ER.1, ER.15, ER.25, ER.28]
2. The factory does not provide specific training for the relevant managers and supervisors on the following Employment functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Environmental Protection. [ER.1, ER.17, ER.27]
3. The factory does not provide specific training to the relevant Human Resources (HR) personnel and administrative staff on Workplace Conduct & Discipline. [ER.1, ER.17, ER.27]
4. Workers are not provided with written documentation that substantiates all of the issues covered during orientation, including a copy of the workplace rules. [ER.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.25, ER.27, and ER.28)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will a. Figure out what kind of training workers need. b. Set up the program or system of ongoing training for improving workers' capacity c. Design the program or system and provide them to workers systematically. (Scheduled) 2. Factory will a. Figure out what kind of training managers need. b. Set up the program or system of specific training for improving managers' capacity c. Design the program or system and provide them to managers systematically. (Scheduled) 3. Factory will design the program or system and provide them to HR department systematically. (Scheduled) 4. Factory will make written documentation that substantiates all of the issues and provide workers with it. (Scheduled)

Update on 19th September 2019.

1,4. Factory is still under progress to improve.

2. Based on document review, the factory provided specific training for local managers and supervisors on the following Employment functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Environmental Protection except for 43 Korean supervisors and managers.

Planned completion date

11/13/18

Company Action Plan Update

3. Based on document review and interview, the factory provided specific training to the relevant Human Resources (HR) personnel and administrative staff on Workplace Conduct & Discipline. (Completed)

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate its policies and procedures or their updates with the general workforce on any of the Employment Functions. [ER.1, ER.16, ER.25, ER.27, ER.29, ER.30, C.17]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, and ER.30; Compensation Benchmark C.17]

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will activate the communication with workers about the issues of Employment Functions. (In progress)

Update on 19th September 2019.

1. Factory is still under progress to improve.

Planned completion date

11/13/18

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not periodically review and update its policies and procedures on any of the Employment Functions. [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, and ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will review the policies and procedures of the Employment Functions and update them yearly. (Scheduled)

Planned completion date

11/13/18

Company Action Plan Update

1. Based on document review, the factory periodically review and update its policies and procedures on any of the Employment

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. None of the workers at the factory receive performance reviews. [ER.29]
2. There are no job descriptions for any of the positions in the factory. [ER.1]
3. According to the Internal Labor Regulation documents, the factory does not recruit workers who have infectious diseases, including HIV. This violates local law. However, the factory does not test for such diseases during the pre-employment medical examinations. Furthermore, according to management the results of applicants' medical examinations are not used to discriminate against applicants during the Recruitment process. Assessors did not find evidence that any applicants have been refused on the basis of their health status. [ND.1, ND.2]
4. There is no system in place to promote, demote, or reassign workers in a fair and transparent way. [ER.30]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 8 Clause 1; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, and ER.30; Non-Discrimination Benchmarks ND.1 and ND.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will set up KPIs in each part of workshop and make the rational assessment system. (Scheduled) 2. Factory will arrange the common JD of all positions and share it with all parts. (In progress) 3. Factory will figure out discriminatory element in recruitment process especially related to infectious disease and develop the process. (In progress) 4. Factory will arrange the system of promotion, demotion, or reassignment fairly and transparently. (In progress)

Update on 19th September 2019.

1,4. Factory is still under progress to improve it.

Planned completion date

11/13/18

Company Action Plan Update

2. Based on document review, the factory has job descriptions for any of the positions in the factory. (Completed)
3. Based on document review, the factory revised its regulation and re-registered to labor department on Jul 5, 2019. (Completed)

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Records of disciplinary actions are not maintained in workers' personnel files. [ER.27]
2. The factory's Workplace Conduct & Discipline procedures do not include steps for workers to appeal disciplinary actions taken against them. [ER.1, ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will set up the software for recording disciplinary actions safely. (In progress)
2. Factory will arrange the steps to protect the authority of workers who would protest the punishment and add them to the procedure. (In progress)

Update on 19th September 2019.

1. Factory is still under progress to improve.

Planned completion date

11/13/18

Company Action Plan Update

2. Based on document review, factory's Workplace Conduct & Discipline procedures included steps for workers to appeal disciplinary actions taken against them. (Completed)

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1. The factory does not maintain records on the opening of the suggestion boxes. [ER.2]
2. Two suggestion boxes in Workshop 2 and the Canteen are locked and the keys are missing. [ER.25]

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will a. Figure out the deficiency of the present grievance system. b. Set up the plan to improve the grievance system. c. Do the action as following the plan consistently. (In progress) 2. Factory will change the old box that can not be used into the new one. (In progress)

Planned completion date

11/13/18

Company Action Plan Update

1. From the factory tour and management interview, the factory maintained records on the opening of the suggestion boxes on daily basis. (Completed)

2. From the factory tour and management interview, the factory changed all suggestion boxes in the facility. (Completed)

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory includes overtime in production planning. Currently, the production plan is based on 60 hours of work per week. 90% of workers regularly work four hours of overtime per day, three days per week. [HOW.1, HOW.8]

2. 80% of the sampled workers' overtime hours exceeded the legal limit of four hours per day in November and December 2017, with a maximum of five hours of overtime per day. [HOW.1, HOW.8]

3. 100% of the sampled workers' overtime hours exceeded the legal limits of 30 hours per month during every month of the review period except for February 2018. [HOW.1, HOW.8]

4. 100% of the sampled workers' overtime hours exceeded the legal limit of 200 hours per year. [HOW.1, HOW.8]

5. According to the attendance records from October 2017 to October 2018, 80% of workers worked at least 65 hours per week on average. 30% of workers worked up to 72 hours per week. [HOW.1, HOW.8]

6. The factory does not maintain a level of staffing that is reasonable in view of predictable or continuing fluctuations in business demand. This leads to excessive overtime. [HOW.6]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 106 Clause 2 Item B; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.6 and HOW.8)

Recommendations for Immediate Action

1. Do not require or allow workers' overtime hours to exceed the legal limit of 50% of the normal working hours per day (i.e. four hours per day). Total working hours (regular plus overtime hours) should not exceed 12 hours per day.

2. Do not require or allow workers' overtime hours to exceed the legal limit of 30 hours per month.

3. Do not require or allow workers' overtime hours to exceed the legal limit of 200 hours per year.

4. Do not require or allow workers to work more than 60 hours per week (including regular hours and overtime hours).

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. There are 5 steps for setting up the working hour. a) Overall Production Plan b) Department Workshop Plan c) Set up the working time in each department d) Check the working time in Management Dept. e) Manage the working time f) Report the working time In the process of step d) and e), the role and responsibility of Management would be reinforced to comply with the regulation /Labor Law firstly. And then the factory will keep trying to adjust the overtime to the law. (Scheduled) 2. There are 5 steps for setting up the working hour. a) Overall Production Plan b) Department Workshop Plan c) Set up the working time in each department d) Check the working time in Management Dept. e) Manage the working time f) Report the working time In the process of step d) and e), the role and responsibility of Management would be reinforced to comply with the regulation /Labor Law firstly. And then the factory will keep trying to adjust the overtime to the law. (Scheduled) 3. There are 5 steps for setting up the working hour. a) Overall Production Plan b) Department Workshop Plan c) Set up the working time in each department d) Check the working time in Management Dept. e) Manage the working time f) Report the working time In the process of step d) and e), the role and responsibility of Management would be reinforced to comply with the regulation /Labor Law firstly. And then the factory will keep trying to adjust the overtime to the law. (Scheduled) 4. There are 5 steps for setting up the working hour. a) Overall Production Plan b) Department Workshop Plan c) Set up the working time in each department d) Check the working time in Management Dept. e) Manage the working time f) Report the working time In the process of step d) and e), the role and responsibility of Management would be reinforced to comply with the regulation /Labor Law firstly. And then the factory will keep trying to adjust the overtime to the law. (Scheduled) 5. There are 5 steps for setting up the working hour. a) Overall Production Plan b) Department Workshop Plan c) Set up the working time in each department d) Check the working time in Management Dept. e) Manage the working time f) Report the working time In the process of step d) and e), the role and responsibility of Management would be reinforced to comply with the regulation /Labor Law firstly. And then the factory will keep trying to adjust the overtime to the law. (Scheduled) 6. There are 5 steps for setting up the working hour. a) Overall Production Plan b) Department Workshop Plan c) Set up the working time in each department d) Check the working time in Management Dept. e) Manage the working time f) Report the working time In the process of step d) and e), the role and responsibility of Management would be reinforced to comply with the regulation /Labor Law firstly. And then the factory will keep trying to adjust the overtime to the law. (Scheduled)

Update on 19th September 2019

1,3,4,6. Factory is still under progress to improve.

5. Based on document review, the factory does not improve it yet for dyeing workers due to the nature of work.

Planned completion date

11/13/18

Company Action Plan Update

2. Based on payroll and time records for review, maximum daily OT in the factory is 4 hours which complies with legal requirement. (Completed)

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory employs its ten security guards and two boiler operators through employment agencies. However, there is no system in place to ensure that the employment agencies comply with local laws and FLA requirements. The factory does not maintain proof of employment documents, attendance records, or payroll records for the contract workers. [ER.2, ER.11, ER.23, C.5]

2. The factory does not make the legally required social and health insurance contributions for the 38 foreign employees (supervisors and managers) working in the factory. [C.1, C.5, C.10]

3. Workers do not receive their maternity leave, paternity leave, and sick leave benefits within three to five days as required by law.

Instead the payments are made within ten to 24 days. [C.1, C.5, HOW.1, HOW.16]

Local Law or Code Requirement

Decision 595/2017/QĐ-BHXH Article 17; Decision 828/2016/QĐ-BHXH Article 25 Clause 2.1; FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.11, and ER.23; Compensation Benchmarks C.1, C.5, and C.10; Hours of Work Benchmarks HOW.1 and HOW.16)

Recommendations for Immediate Action

1. Maintain copies of the security guards' and boiler staff's proof of employment, attendance records, and payment records on-site at the factory.
2. Contribute to the social insurance and health insurance funds on behalf of all foreign managers and supervisors as required by law.
3. Compensate workers for social benefits in a timely manner as required by law.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will conduct the audit to the subcontractors regularly. (Scheduled) 2. Factory got ready to pay the insurance fee when the government requires it. (Completed) 3. The factory paid all benefits immediately. (Completed by 31-Dec-2018)

Update on 19 September 2019.

1. Factory is still under in progress.

Planned completion date

11/13/18

Company Action Plan Update

2. Based on document review, the factory made the legally required social and health insurance contributions for all foreign employees (supervisors and managers) working in the factory as per legal requirement. (Completed)

3. Based on document review and worker interview, workers received their maternity leave, paternity leave, and sick leave benefits directly by bank transfer by local social insurance company as per legal requirement. (Completed)

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. 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]

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

3. The trade union representative was not able to provide assessors with union meeting records or records from the election of worker representatives. [ER.2]

4. The factory has not provided designated office space for the union's activities. [FOA.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.16; Freedom of Association Benchmarks FOA.2 and FOA.15)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will study and modify the procedures for following the FLA Code. (In progress). 2. Factory will recheck the CBA and post the copies on the announcement board. (In progress) 3. Factory will a. Require the Union Trade members to record the last meeting. b. The Union Trade's member have to record all union's activities such as the hard copy and make the document of them. (In progress) 4. Factory will a. Arrange for the Union Trade have a room where the labor union for improving their capacity by priority. b. Interact with the labor union more frequently than now and provide the independent space for the labor union. (In progress)

Update on 19 September 2019

3. Based on document review, the factory only provided union meeting records. No records from the election of worker representatives were provided for review.

Planned completion date

11/13/18

Company Action Plan Update

1. Factory will follow Vietnam law.

2. From the factory tour, CBA has been posted on the announcement board as required. (Completed)

4. From the factory tour and union leader interview, the factory has provided designated office space for the union's activities. (Completed)

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no evacuation maps posted in the packing section, finishing sections, fabric warehouses, or the foreign management dormitory. In addition, the location of the emergency assembly area and the fire alarms are not marked on any of the existing evacuation maps. [HSE.1, HSE.5]

2. The two emergency exit doors on the mezzanine floor of the sewing workshop and the two in the finishing accessories warehouse open inward. In addition, around 10% of the emergency exit doors in the factory are sliding doors. The sliding doors are located in the packing and finishing areas. [HSE.1, HSE.5]

3. There are no "Not an Exit" signs on around 5% of the factory's internal doors (e.g. those between the finishing and packing areas). [HSE.1, HSE.5]

4. Two sewing rooms only have one emergency exit door. One is located on the first floor of Workshop 4 and the other is on the second floor of Workshop 5. Both rooms are 100 square meters and each was occupied by 30 workers at the time of the assessment. In addition, there is only one exit door in the maintenance room. It is 100 square meters and was occupied by five to six workers. [HSE.5]
5. At least six emergency exit signs in the packing sections, sewing areas, fabric warehouses in Workshop 1 and Workshop 2, etc. are broken. [HSE.1, HSE.5]
6. One emergency exit door in the accessories warehouse was locked. The warehouse is around 30 square meters and about three workers were working there at the time of the assessment. [HSE.1, HSE.5]
7. The arrows on the floor of the workshop finishing areas to indicate the emergency exit routes do not lead to emergency exits. [HSE.1, HSE.5]
8. The main aisles and emergency exit routes in the cutting sections, warehouses, fabric dyeing workshops, finishing and packing areas are obstructed by trolleys and shelves. [HSE.1, HSE.5]
9. The emergency exit routes in the workshops are not illuminated. Neither is the emergency exit door in the chemical storage area in the fabric dyeing workshop, spot removal room, and maintenance room. [HSE.1, HSE.5]
10. Around 10% of workers' workstations (in the the ironing areas and the sewing lines on the mezzanine floor of Workshops 4 and 5 and metal inspection area) are obstructed or too narrow. As a result, workers cannot move freely in the case of an emergency evacuation. [HSE.1, HSE.5]

Local Law or Code Requirement

Decree 79/2014/ND-CP, Chapter 2 Article 7 Clause 1; Vietnamese Standard TCVN 2622/1995, Point 7.5; Vietnamese Code QCVN 06/2010/BXD, Points 3.3.1 and 3.2.3; Vietnamese Standard TCVN 439/1997/BXD-CSXD, Points 11.6.1 and 11.6.1.3; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

Recommendations for Immediate Action

1. Post evacuation maps throughout the factory and dormitories. Indicate the location of the emergency assembly point and fire alarm on all evacuation maps.
2. Install emergency exit doors that open outward.
3. Install "Not an Exit" signs wherever necessary.
4. Ensures that there are two emergency exits in each workshop.
5. Repair or replace all broken emergency exit signs.
6. Do not lock emergency exit doors during working hours.
7. Ensures that all arrows indicate the actual emergency exit routes.
8. Clear any blocked aisles and exit routes. Monitor the areas to ensure they remain clear.
9. Install lighting for all emergency exit routes and doors.
10. Ensure that all workstations are clear of obstructions. Rearrange workstations if necessary. Monitor the area to ensure that they remain clear.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will a. Inspect all evacuation maps posted in the factory and figure out the missing point. b. Provide evacuation maps where there is none of them and Modify the evacuation maps. (In progress)
2. Factory will a. Change the inward doors into the outward. b. Change the sliding type of exit doors into the outward type. (Scheduled)
3. Factory will make "Not an Exit" signs and post them on the factory's internal doors. (In progress)
4. a. The assessment of the structure should be conducted in order to install the exit doors safely. b. After a proper assessment, the door would be installed. (Scheduled)
5. a. Change them into new things -> It has been completed in sewing workshops, dyeing factory, yarn dyeing factory, knitting factory, material warehouse. b. Inspect the condition of exit signs more rigorously. (Completed by 31-Dec-2018)
6. Factory will open the door in working time.

(Completed by 31-Dec-2018) 7. Factory will modify the direction of arrows appropriately. (Scheduled) 8. Factory will a. Check out the yellow line status. If it is erased, we are going to re-paint it. Then require workers to move all trolley or shelves into the yellow-line area. b. Provide the workers in charge of HSE with the guidance and emphasize the importance of safety guidance. c. Inspect the workshop to check the condition of exit routes regularly. (In progress) 9. Factory will change the original routes into the illuminating routes. (Scheduled) 10. Factory will reorganize the working structure in these areas. (Scheduled)

Planned completion date

11/13/18

Company Action Plan Update

1. From the factory tour, the correct evacuation maps are posted in the packing section, finishing sections, fabric warehouses, or the foreign management dormitory as required. (Completed)
2. From the factory tour, two emergency exit doors on the mezzanine floor of the sewing workshop and the two in the finishing accessories warehouse open outward as required. In addition, all of sliding doors in the packing and finishing areas are equipped with back-up battery and they are well functioning when tested. The factory also conducted internal inspection on weekly basis to monitor this issue. (Completed)
3. From the factory tour, "Not an Exit" signs are posted for the factory's internal doors (e.g. those between the finishing and packing areas). (Completed)
4. From the factory tour, sewing rooms on the first floor of Workshop 4 and the on the second floor of Workshop 5 have 2 emergency exits as required. In addition, from factory tour, worker and management interview, only 1-2 workers often work in the maintenance room. The factory also conducted internal inspection on weekly basis to monitor this issue. (Completed)
5. From the factory tour, all emergency exit signs in the whole facility are well functioning. (Completed)
6. From the factory tour, all emergency exit doors in the accessories warehouse are not locked and free of obstruction. The factory also conducted internal inspection on weekly basis to monitor this issue. (Completed)
7. From the factory tour, the arrows on the floor of the finishing areas to indicate the emergency exit routes lead to emergency exits as required. (Completed)
8. From the factory tour, main aisles and emergency exit routes in the whole facility are free of obstruction. The factory also conducted internal inspection on weekly basis to monitor this issue. (Completed)
9. From the factory tour, emergency exit routes in the workshops are illuminated properly. (Completed)
10. From the factory tour, workers' workstations (in the the ironing areas and the sewing lines on the mezzanine floor of Workshops 4 and 5 and metal inspection area) are free of obstruction and wide enough for workers in case of emergency evacuation. The factory also conducted internal inspection on weekly basis to monitor this issue. (Completed)

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no anti-explosive lighting systems installed in the fabric warehouse or the finished goods warehouse. [HSE.13]
2. Around 20% of the fire extinguisher inspection certificates in the finished goods warehouses, Workshops 1 and 2, the spot removal room, and the maintenance room expired in October 2016 and December 2017 [HSE.1, HSE.6]
3. Around 5% of the fire extinguishers on the mezzanine floor of the sewing workshop, the dyeing workshops, and the sewing workshop

were missing at the time of the assessment. [HSE.1, HSE.6]

4. Around 5% of the fire extinguishers in the dyeing workshops and sewing sections were placed on the floor. [HSE.1, HSE.6]

5. The space between Workshop 2 and Workshop 3 is being used as a temporary carton storage area. This would obstruct the access of fire-fighting trucks in case of a fire. [HSE.5]

6. At least three fire alarms in Workshop 3 do not work. In addition, the fire alarm control panel was turned off at the time of assessment. [HSE.1, HSE.5]

7. Around 10% of the fire extinguishers and fire alarm call points in Workshops 4 and 5 and the fabric dyeing workshops were obstructed. [HSE.1, HSE.5, HSE.6]

8. There is no sprinkler system installed in the factory. [HSE.5, HSE.6]

9. The factory's fire-fighting plan has not been approved by the fire department. [HSE.1]

10. No fire drills have been conducted in 2018. The last fire drill took place on Nov 4, 2017. [HSE.1, HSE.5]

11. The factory could not provide assessors with the fire drill training records for the dormitory building. [ER.2, HSE.5]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 138; Vietnamese Standard TCVN 7435/2004, Part 1 Clause 5, Part 2 Clause 4; Vietnamese Standard TCVN 3890/2009, Clause 5.1.1; Decree 79/2014/ND-CP, Chapter 3 Article 21 Clause 4; Circular 66/2014/TT-BCA, Article 3 Clause 1 Item dd; FLA Workplace Code (Employment Relationship Benchmark ER.2; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6, and HSE.13]

Recommendations for Immediate Action

1. Install anti-explosive lighting systems in all warehouses.

2. Regularly inspect all fire extinguishers to ensure that the inspection certificates remain valid.

3. Install fire extinguishers wherever necessary.

4. Ensure that all fire extinguishers (except for those on wheels) are mounted or placed in a box.

5. Relocate the cartons that are being stored between Workshops 2 and 3. Ensure that fire-fighting trucks have easy access to the factory in case of emergency.

6. Ensures that all fire alarms are functional and that the fire alarm control panel is turned on at all times.

7. Clear obstructions from all fire extinguishers and fire alarm call points. Monitor to ensure that they remain clear.

8. Install a sprinkler system in the factory.

9. Have the fire-fighting plan approved by the appropriate authorities.

10. Conduct fire drills in the factory and dormitory every six months.

11. Keep records of all fire drills.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will a. Figure out the area of anti-explosive lighting systems. b. Make a plan to install an anti-explosive lighting system. c. Do the action following the plan. (Scheduled) 2. Factory already a. Inspected the condition of the fire extinguishers. b. Changed or recharged the fire extinguishers. c. Maintained the condition of the fire extinguishers well. (Completed by 31 Dec 2018). 3. Factory will provide the fire extinguishers on the mezzanine floor of the workshops sufficiently. The factory conduct an monthly inspection for fire extinguishers in order to resolve the problem of fire extinguishers as soon as possible. (In progress) 4. The managers would be trained more strictly and rearrange the fire extinguishers. (In progress) 5. Additional storage area had already been constructed for keeping carton boxes. (Completed by 30-Nov-2018). 6. Factory will inspect the overall fire alarm system twice a year thoroughly.

(In progress) 7. Factory will figure out why the fire extinguishers and call points are obstructed and clean up these areas. (In progress) 8. Factory will a. There is need to make a detailed plan to set up the sprinkler system in the factory. b. Install the sprinkler system to each factory one by one. (Scheduled) 9. Factory will submit the fire-fighting plan for the government approval.(In progress) 10. The fire drill was conducted on 4th/Dec/2018.(It had been delayed due to the typhoon in HCMC.) (Completed by 4-Dec-2018) 11. Factory will conduct the fire drill for the dormitory when taking it for the factory. (Scheduled)

Update on 19 September 2019.

1. From the factory tour, anti-explosive light was installed for some lights in the finished goods warehouse and fabric warehouse instead of for all lights.

8. From the factory tour and management interview, sprinkler system was installed for finished goods warehouse except for raw material warehouse.

10. Based on document review, the factory does not provide fire drill meeting minutes signed by local fire police for the fire drill conducted on Dec 4, 2018.

Planned completion date

11/13/18

Company Action Plan Update

2. From the factory tour, all fire extinguisher inspection certificates in the finished goods warehouses, Workshops 1 and 2, the spot removal room, and the maintenance room will expire in Feb 2020. (Completed)

3. From the factory tour, sufficient fire extinguisher was found at mezzanine floor of the sewing workshop, the dyeing workshops. (Completed)

4. From the factory tour, all fire extinguishers are hanging on wall or putting on the rack as required. (Completed)

5. From the factory tour, the space between Workshop 2 and Workshop 3 used as a temporary carton storage area is wide enough for the access of fire fighting truck. In addition, based on the latest fire inspection report of local fire police, they have no comments for this issue. (Completed)

6. From the factory tour, all fire alarms are randomly tested and worked properly. The fire alarm control panel is working well as well. (Completed)

7. From the factory tour, fire extinguishers and fire alarm call points in Workshops 4 and 5 and the fabric dyeing workshops are free of obstruction. (Completed)

9. Based on document review, the factory obtained fire-fighting plan approved by fire department for review. (Completed)

11. Based on document review and worker interview, the factory obtained fire drill training records on Mar 8, 2019 for the dormitory building as required. (Completed)

FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Around 20% of the electrical boxes in the fabric dyeing workshop are obstructed by fabric shelves. [HSE.13]
2. At least five electrical boxes in the dyeing workshops and sewing workshops do not have insulated mats. [HSE.13]
3. Some of the electrical wires in the washing and dyeing workshops are spliced with tape. [HSE.13]
4. Around 10% of the electrical sockets in the dyeing workshops are not covered. [HSE.13]
5. There are flammable materials (e.g. fabric and production materials) located beside the control panels in the fabric dyeing workshops. [HSE.13]
6. There are electrical wires crossing the exit routes in the fabric dyeing workshops and main workshops. [HSE.5, HSE.13]
7. The factory's electrical system is not regularly inspected. [HSE.1, HSE.13]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 138 Clause 1 Item C; Electricity Law 28/2004/QH11, Article 57 Clause 2; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.13)

Recommendations for Immediate Action

1. Clear obstructions from around the electrical boxes. Monitor to ensure that they remain clear.
2. Provide insulated mats for all electrical boxes.
3. Do not splice wires with tape.
4. Cover all electrical sockets.
5. Do not store flammable materials near control panels.
6. Do not run electrical wires across aisles or exit routes.
7. Inspect the electrical system regularly. Promptly address any issues found during inspections.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will clean something up around the electric boxes in the fabric dyeing office and check the condition regularly. (In progress) 2. Factory will a. Figure out the electric boxes that does not have insulated mats. b. Purchase and install insulated mats. (In progress) 3. Factory will figure out the better way to splice electrical wires safely.(or Change it into a new one) (In progress) 4. Factory will cover the electrical sockets with proper substances such as Plexiglas (mica) or plastic sheet. (In progress) 5. Factory will a. Inspect the workshop regularly to check the condition of control panels. b. Provide the safety instruction for workers and reinforce the workers' awareness of safety. (In progress) 6.Factory will arrange electrical wires in the fabric dyeing workshops and main workshops. (In progress) 7. Factory will inspect the electrical system regularly such as monthly or quarterly. (Scheduled)

Planned completion date

11/13/18

Company Action Plan Update

1. From the factory tour, all electrical boxes in the fabric dyeing workshop are free of obstruction. (Completed)
2. From the factory tour, all electrical boxes in the dyeing workshops and sewing workshops have insulated mats. (Completed)

3. From the factory tour, electrical wires spliced with tape were not found in the whole facility. (Completed)
4. From the factory tour, electrical sockets in the dyeing workshops are covered accordingly. (Completed)
5. From the factory tour, no materials (e.g. fabric and production materials) located beside the control panels in the fabric dyeing workshops. (Completed)
6. From the factory tour, electrical wires are not crossing the exit routes in the fabric dyeing workshops and main workshops. (Completed)
7. Based on document review, factory's electrical system is regularly inspected as required. (Completed)

FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Around 5% of chemicals in the fabric dyeing workshop are not labeled and do not have secondary containment. In addition, there is no secondary containment for the used chemical containers in the hazardous waste storage area. [HSE.9]
2. The Material Safety Data Sheets (MSDS) for the chemicals located in the chemical warehouse and dyeing workshops are only available in English, not the languages spoken by workers and foreign managers (i.e. Vietnamese and Korean). [HSE.1, HSE.10]
3. There are no MSDS for the spot removal chemicals. [HSE.1, HSE.10]

Local Law or Code Requirement

Law on Chemicals 06/2007/QH12, Article 29 Clause 1; FLA Workplace Code (Health, Safety and Environment HSE.9, HSE 10)

Recommendations for Immediate Action

1. Label all chemical containers with their contents and main hazards. Provide secondary containment for all chemicals, including the used chemical containers in the hazardous waste storage area.
2. Provide MSDS for all chemicals in all languages spoken by factory employees.
3. Provide MSDS for all chemicals, including the spot removal chemicals.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will a. Purchase the secondary containers and install them.(They have already purchased and installed 2 secondary containers first) b. Attach the label on the chemical containers properly. (In progress) 2. Factory will translate the word of MSDS into Korean and Vietnamese. (Scheduled). 3. Factory will make MSDS for the spot removal chemicals. (Scheduled)

Update on 19 September 2019.

1. From the factory tour, chemicals are attached with label as required. However, missing secondary containment was found for some of chemical tank in the dyeing workshop. Factory will continue to improve the rest.

Planned completion date

11/13/18

Company Action Plan Update

2. From the factory tour and document review, MSDS for the chemicals located in the chemical warehouse and dyeing workshops are available in Vietnamese as required. (Completed)

3. From the factory tour, MSDS for the spot removal chemical is available in the spot cleaning room. (Completed)

FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. Hazardous and non-hazardous waste are not stored separately in the spot removal room. [HSE.9]
2. The factory conducted a sewage sludge test in January 2018. Local law requires the factory to test for 18 different substances, however, the factory only tested for 12. [HSE.1, HSE.4]
3. The contract between the factory and the authorized hazardous waste disposal service expired on July 31, 2018. According to the factory representative, hazardous waste has not been collected and disposed of by an authorized company since the contract expired. [HSE.1, HSE.4]
4. The factory's Environmental Protection procedures don't include protections for workers who allege environmental violations. [ER.1, ER.31]
5. Empty used chemical containers are placed outside near the entrance to the dyeing facility. They are not covered and are exposed to direct sunlight. [HSE.9]

Local Law or Code Requirement

National Technical Regulation on Hazardous Thresholds for Sludges from Water Treatment Process QCVN 50:2013/BTNMT, Article 2 Clause 2.4; Decree no. 38/2015/ND-CP, Article 7 Clause 4; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.9)

Recommendations for Immediate Action

1. Test for all 18 substances as required by law.
2. Renew the contract with the hazardous waste disposal service. Ensure that all hazardous waste is disposed of properly.
3. Do not store empty chemical containers outdoors uncovered. Store all hazardous materials in the hazardous waste storage area.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will post the instruction of managing hazardous/non-hazardous waste in the spot removal area and train the employees working there. (In progress) 2. Factory will include 6 types of substances in the test in future. (In progress) 3. Factory will a. Make a contract with the authorized company that would collect and dispose of the hazardous waste. b. Improve the capacity of Contract administration of each department. (In progress) 4. Factory will include the procedure for workers who allege environmental violation. (In progress) 5. Factory will move the empty containers into the storage warehouse for not being exposed to direct sunlight. (In progress)

Planned completion date

11/13/18

Company Action Plan Update

1. From the factory tour, hazardous and non-hazardous waste are stored separately in the spot removal room. (Completed)
2. Based on document review, the factory conducted a sewage sludge test in Feb 2019 with 18 different substances as required. (Completed)
3. Based on document review, contract between the factory and the authorized hazardous waste disposal service will expire on Dec 31, 2019. (Completed)
4. Based on document review, factory's Environmental Protection procedures included protections for workers who allege environmental violations as required. (Completed)
5. From the factory tour, empty chemical containers are stored in the chemical storage area, not placing outside like before. (Completed)

FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not conducted an asbestos exposure assessment. [HSE.1, HSE.9]
2. There is no lockout-tagout (LOTO) system established in the factory. [HSE.14]
3. The factory is not taking proactive steps to reduce the risk of repetitive-motion stress and injuries. The sewing workers have not been provided with adjustable chairs and there are no floor mats for workers who work in a standing position, such as the quality control (QC) workers. [HSE.17]
4. The factory's breastfeeding room is located in the clinic. [ER.14, ND.1, ND.8]
5. The factory has not conducted a risk assessment for the whole facility. [HSE.1]
6. There is no fencing installed to prevent falls in the following areas:
 - a. The gap between the building floor and the ground outside the shipping bay doors;
 - b. The gap between the electrical lift in the fabric dyeing workshop and the mezzanine floor in Workshop 5. [HSE.14]
7. The first aid boxes are not inspected and replenished monthly. None of the first aid boxes in the dyeing workshop contain first aid supplies. [HSE.1, HSE.6, HSE.18]
8. There is no seat belt installed on the forklift. [HSE.14]
9. The eyewash station in the spot removal room in Workshop 5 does not work. [HSE.6]
10. There is a pregnant worker who sprays oil removal chemicals in the dyeing workshop. [HSE.11]

11. The factory has not conducted an assessment to determine the maximum load of the sewing workshop mezzanine floor. Accordingly, there is no "maximum load" sign posted in the area. The sewing workshop mezzanine is around 734 square meters. 95 workers were working there at the time of the assessment. [HSE.1]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 155, Article 138 Clause 1 Item C; Circular 19/2016/TT-BYT, Article 6; Decree 85/2015/ND-CP, Article 7 Clause 4; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.9, HSE.11, HSE.14, HSE.17, and HSE.18; Employment Relationship Benchmark ER.14; Non-Discrimination Benchmarks ND.1 and ND.8)

Recommendations for Immediate Action

1. Conduct an asbestos exposure assessment. Post warning signs wherever asbestos is found. Monitor asbestos for cracks and other damage. If asbestos is found to be in poor condition, hire a qualified remediation company to remove the asbestos.
2. Establish and implement a lockout-tagout system.
3. Create a breastfeeding room that is separate from the clinic.
5. Conduct a risk assessment for the entire factory.
6. Install fencing wherever there is a fall risk.
7. Inspect and restock first aid kits every month.
8. Ensure that all forklift drivers wear safety belts while working.
9. Repair or replace the broken eyewash station.
10. Do not permit pregnant workers to work with or come into contact with hazardous chemicals. Reassign pregnant workers with hazardous jobs for the duration of their pregnancy.
11. Conduct a loading assessment of all mezzanine floor and maintain a copy of the report.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will conduct an asbestos exposure assessment regularly. (Scheduled) 2. Factory will improve the level of overall understanding to LOTO and establish LOTO system. (Scheduled) 3. a. Chairs with a backrest have been being made for workers. (Some of them are being used for workers.) b. Factory will purchase the floor mats and provide them to workers for their health. (In progress) 4. Factory will arrange the appropriate spaces for breastfeeding. (Scheduled) 5. Factory will a. Organize the structure such as internal risk assessment committee in order to manage the risk assessment. b. Make a plan and do the action for assessing the risk of whole factory step by step. (Scheduled) 6. Factory will a. Install the fences to prevent accidents. b. Provide safety instruction to workers for keeping using the fences. (In progress) 7. Factory will inspect and replenish the first aid boxes regularly such as weekly or monthly. (In progress) 8. Factory will equip the forklifts with seat belts. (Scheduled) 9. Factory will inspect eyewash stations in all factories and repair broken things. (In progress) 10. Factory will a. Change the pregnant worker's job properly. b. Give the proper instruction to the dyeing factory management and prevent pregnant employees from working in improper condition. (In progress) 11. Factory will conduct the assessment to confirm the maximum load and post it. Monitor the workshop floor to ensure that the maximum load is not exceeded every month. (Scheduled)

Update on 19 September 2019.

1,4,6,11. Factory is still under in progress.

2. Factory is still under in progress. The factory only has LOTO procedure with a list of equipment that required LOTO. There are no tools and tags for LOTO.

3. Factory is still under in progress. The factory only provide floor mat for ironing workers except for inspection workers (QC).
7. Factory is still under in progress. All first aid boxes are equipped with sufficient first aid tools as per legal requirement. However, the factory does not have inspection records to check first aid box on monthly basis.
8. Factory is still under in progress. Some forklifts have seat belt instead of for all forklifts.

Planned completion date

11/13/18

Company Action Plan Update

5. Based on document review, the factory conducted a risk assessment every 6 months for the whole facility as per legal requirement. (Completed)
9. From the factory tour, eyewash station in the spot removal room in Workshop 5 worked properly when tested. The factory conducted the internal inspection on monthly basis. (Completed)
10. From the factory tour, no pregnant worker who sprays oil removal chemicals was found in the dyeing workshop and spot cleaning room. The factory establish a policy for that and posted it at the door of spot cleaning room. (Completed)

FINDING NO.17

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are no chairs available for pregnant workers to rest when needed. [ER.14, ND.1, ND.8]
2. The drinking water was tested in January, April, and July 2018, however, it was not tested for turbidity or hardness. [HSE.23]
3. The factory uses a catering company to supply meals for workers on the night shift. The factory only had a health examination record and food safety training certificate for one of the 50 catering workers. In addition, the contract between the factory and the catering company expired on August 31, 2018. No food samples are maintained. [ER.2, HSE.1, HSE.4, HSE.22]
4. The factory uses a different catering company to supply meals for the foreign managers and supervisors in the management dormitory. The factory does not have any of the catering workers' health examination records or food safety training certificates. In addition, the canteen safety and hygiene certificate was not available for review and no food samples are maintained. [ER.2, HSE.1, HSE.4, HSE.22]
5. Assessors observed a number of issues regarding Personal Protective Equipment (PPE):
- a. The cutting gloves used by around 10% of workers in Workshops 1, 2, 3, and 5 were broken;
 - b. Workers in the spot removal room have not been provided PPE such as apron, gloves, earplugs, etc;
 - c. At least three canteen workers were not wearing the anti-slip shoes that they were provided. [HSE.7, HSE.8]
6. 30% of the sewing workers were not using the eye guards installed on the sewing machines. [HSE.4]
7. The ladder used in the fabric warehouse does not have hand rails. [HSE.14]
8. There are no safety instructions posted next to any of the machines in the factory. [HSE.14]
9. Management was not able to provide the building inspection records for review at the time of assessment. [ER.2, HSE.1, HSE.4]
10. There is no cover for the moving parts of the washing process machine in the dyeing workshop. [HSE.14]
11. The instructions for the emergency stop button for the rope squeezer machine in the dyeing workshop are not posted in the local language. [HSE.14]

12. There are no signs posted indicating the maximum workload of the elevators and mechanical lifting devices. [HSE.14]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 138 Clause 1 Item C, Article 155; Circular 15/2012/TT-BYT, Article 3; Law on Food Safety 55/2010/QH12, Article 34; Decree 46/2015/ND-CP, Article 31; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.7, HSE.8, HSE.14, HSE.22, and HSE.23; Employment Relationship Benchmarks ER.2 and ER.14; Non-Discrimination Benchmarks ND.1 and ND.8)

Recommendations for Immediate Action

1. Provide chairs for pregnant workers to use during breaks.
2. Regularly test drinking water for turbidity and hardness.
3. Ensure that catering workers have undergone health examinations and have valid food safety training certificates. Maintain the documentation on-site at the factory.
4. Renew the expired catering contract.
5. Keep food samples for 48 hours.
6. Promptly replace any damaged PPE.
7. Provide workers with the appropriate PPE. Retrain workers on the use and maintenance of PPE and monitor to ensure compliance.
8. Train workers on the importance of using machine guards. Monitor to ensure compliance.
9. Install handrails on the ladder used in the fabric warehouse.
10. Post safety instructions next to all machines.
11. Maintain the building inspection records on-site.
12. Install a cover for the moving parts of the machine in the dyeing workshop.
13. Post instructions in the local language next to the emergency stop button.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will make workplace fit for new and expectant mothers and figure out the best location for chair at the workshop. Production support the list of pregnant worker and request the quantity of chair, M&E of Panko Vina make it and provided the production. Timeline: Until Jun 2019 have to provide for the Sewing 1, 2, 3, 4. Until end of this year, complete to provide all sewing workshops. CSR check their implement. (In progress). 2. Factory will check the content of test for drinking water and include turbidity and hardness in future. (In progress). 3. The factory will a. Get a new contract between two companies. b. Require the certification needed for catering workers to the catering company. c. Keep and manage food samples. (Scheduled). 4. The factory will: a. Require the certification needed for catering workers to the catering company. b. Keep and manage food samples. (Scheduled). 5. The factory will a. Figure out the lack of PPE such as cutting gloves, apron, gloves, anti-slip shoes and etc. b. Purchase and provide the sufficient PPE to workers. c. Improve the overall level of awareness of the importance of PPE by training workers gradually. (Scheduled) 6. Factory will a. Figure out the sewing machine needed to be equipped with the eye guards. b. Improve the overall level of awareness of the importance of PPE by training workers gradually. (Scheduled) 7. Factory will install hand rails to the ladder used in the fabric warehouse. (Scheduled). 8. Factory will post safety instructions in the local language next to the machines. (Scheduled). 9. Factory would keep the building inspection record on the CSR folder. There will be biennial check up so that it is expected that it could be easy to access and check the record in the future. (Scheduled) 10. Inspection for covers of moving parts would be implemented at least 1 time/month. (Scheduled) 11. Factory will post the instruction translated into the local language next to machines. (Scheduled) 12. Factory will post the signs indicating the maximum workload of them. (Scheduled)

1,7,8. Factory is still under in progress.

Planned completion date

11/13/18

Company Action Plan Update

2. Based on document review, the factory conducted drinking water test as per legal requirement. (Completed)
3. Based on document review, the factory signed a new contract with Hong Ha company and obtained all legal document for review. Food samples are maintained as required. (Completed)
4. Based on document review, the factory signed a new contract with Thuc Pham Xanh company and obtained all legal document for review. Food samples are maintained as required. (Completed)
5. From the factory tour, it was noted that:
 - a. All cutting gloves are in a good condition.
 - b. Workers in the spot removal room have been provided PPE such as apron, gloves, earplugs, etc.;
 - c. All canteen workers are wearing the anti-slip shoes accordingly. (Completed)
6. From the factory tour, all sewing workers are using the eye guards accordingly. (Completed)
9. Based on document review, the factory provided the building inspection records for review as per legal requirement. (Completed)
10. From the factory tour, the moving parts of the washing process machine in the dyeing workshop were covered properly. (Completed)
11. From the factory tour, instructions for the emergency stop button for the rope squeezer machine in the dyeing workshop are posted in the local language. (Completed)
12. From the factory tour, sign was posted indicating the maximum workload of the elevators and mechanical lifting devices. (Completed)

FINDING NO.18

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's Health & Safety procedures are missing several components:
 - a. Steps to ensure that all personnel, visitors, contractors, and service providers are safely evacuated;
 - b. Steps to ensure that all special categories of workers are safely evacuated;
 - c. Standard Operating Procedures (SOP) for each job with a focus on performing the job safely;
 - d. Steps for ensuring that walkways/aisles and emergency exits are free from obstruction;
 - e. Electrical certifications, inspections, assessments and reviews (overall electrical system, grounding system, lightning protection system);

- f. A list of equipment and/or machines that require lockout-tagout;
- g. Guidance documents for external contractors/service providers concerning health and safety. [ER.1, ER.31]

2. The factory has provided PPE training to workers, however, the training was not effective. Around 35% of workers still do not use PPE properly. [HSE.8]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmark HSE.8)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will organize the specialty group such as CSR team in order to improve and manage H&E system of the factory. Above all, figure out the missing point and try to solve the issues with all other departments of the factory in the long term. (In progress)
2. The factory will provide the PPE training for: a. New workers on the first day of work at Panko Vina. b. Post the PPE policy on the notice board at workshop where workers should wear PPE. Ex: Gloves, mask, eyes glass, etc (The CSR team would check their implement and training several times every week). c. PPE contents to include OHS training program for Group 4 (1 time/year).

Update on 19 September 2019: factory is still under in progress.