



FAIR LABOR
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INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: arena Group
COUNTRY: Cambodia
ASSESSMENT DATE: 11/30/18
ASSESSOR: Social Compliance Services Asia
PRODUCTS: Apparel
NUMBER OF WORKERS: 1579

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 written policies or procedures on the following Employment Functions: Personnel Development; Retrenchment; and Environmental Protection. [ER.1, ER.19, ER.28, ER.29, ER.31, ER.30, ER.32, HSE.5]

Local Law or Code Requirement

Employment Relationship Benchmarks ER.1, ER.19, ER.28, ER.29, ER.31, ER.30, and ER.32; Health, Safety & Environment Benchmark HSE.5]

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory shall have written policies or procedures on the following Employment Functions: Personnel Development; Retrenchment; and Environmental Protection.

Planned completion date

12/31/18

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The orientation training provided to new workers does not cover the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; and Environmental Protection. [ER.1, ER.15]

2. The factory does not provide specific training to the relevant supervisors on any of the Employment Functions. [ER.1, ER.17, ER.27]
3. The factory does not provide ongoing training to workers on Environmental Protection, Retrenchment, or Personnel Development. [ER.1, ER.15]

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The orientation training provided to new workers shall cover the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; and Environmental Protection.
2. The factory shall provide specific training to the relevant supervisors on any of the Employment Functions.
3. The factory shall provide ongoing training to workers on Environmental Protection, Retrenchment, or Personnel Development.

Planned completion date

12/31/18

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Performance reviews are not conducted for all workers. [ER.29]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.29)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Performance reviews shall be conducted for all workers.

Planned completion date

12/31/18

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory includes overtime in production planning as a general practice. The production plan is based on 58 hours of work per week instead of 48 hours of work per week. [HOW.1]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.1)

Recommendations for Immediate Action

1. Do not include overtime in the production plan.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory shall not include overtime in the production plan.

Planned completion date

12/31/18

Company Action Plan Update

1. the Factory is using 58hours to work per week including OT.

FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory has not conducted an environmental risk assessment to identify whether its on-site operations generate negative environmental impacts. [ER.31]
2. The factory does not have a system to respond to an unexpected environmental emergency such as a chemical spill or gas leak. [HSE.5]
3. There is no system in place to identify and replace hazardous chemicals with less hazardous alternatives. [ER.31]

Local Law or Code Requirement

The Labor Law of Cambodia Art 23, 228-230; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmark HSE.5)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory shall conduct an environmental risk assessment to identify whether its on-site operations generate negative environmental impacts.
2. The factory shall have a system to respond to an unexpected environmental emergency such as a chemical spill or gas leak.
3. The factory shall put in place a system to identify and replace hazardous chemicals with less hazardous alternatives.

Planned completion date

12/31/18

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Not all chemicals in the chemical material warehouse and the maintenance room have secondary containment. [HSE.9]
2. There are no spill response requirements in the chemical material warehouse and the maintenance room. [HSE.9]

3. There is no eye wash station in the maintenance room where chemicals are stored. [HSE.6]

4. Three compressed gas cylinders located in the maintenance room and canteen are not labelled with their contents and the appropriate warning signs. In addition, the cylinders are placed directly on the ground and there are no protective caps for the gas cylinder valves. [HSE.9, HSE.14]

Local Law or Code Requirement

The Labor Law of Cambodia Art 23, 228-230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.6, HSE.9, and HSE.14]

Recommendations for Immediate Action

1. Provide secondary containment for all chemicals in the chemical material warehouse and the maintenance room.
2. Provide spill response requirements in the chemical material warehouse and the maintenance room.
3. Install an eye wash station in the maintenance room.
4. Label the compressed gas cylinders in the maintenance room and the canteen with their contents and the appropriate warning signs. Provide protective caps for the gas cylinder valves. Ensure periodic inspection of the cylinders.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Provide secondary containment for all chemicals in the chemical material warehouse and the maintenance room.
2. Provide spill response requirements in the chemical material warehouse and the maintenance room.
3. Install an eye wash station in the maintenance room.
4. Label the compressed gas cylinders in the maintenance room and the canteen with their contents and the appropriate warning signs. Provide protective caps for the gas cylinder valves. Ensure periodic inspection of the cylinders.

Planned completion date

12/31/18

Company Action Plan Update

1. Factory has set up anti-leaking facility in the chemical warehouse and maintenance room.
2. Factory has set up secondary contamination with sand to prevented spill chemical materials warehouse.
3. Factory has installed eyes washing in chemical storage and maintenance room
4. Factory has marked label and content all cylinder with appropriate warning sign however factory has installed safety to all Gas and cylander

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Around 10% of the fire extinguishers in the production area are missing from their designated locations. [HSE.6]
2. Around 5% of the fire extinguishers in the sewing section and the accessory warehouse are partially blocked by production materials. [HSE.6]
3. There are no "No Smoking" signs posted in the waste material storage area. [HSE.1]
4. About 10% of the aisles in the packing and sewing section are partially blocked by production materials. [HSE.5]

Local Law or Code Requirement

The Labor Law of Cambodia Art 23, 228-230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.6)

Recommendations for Immediate Action

1. Place fire extinguishers in their designated locations.

2. Remove production materials that are blocking the fire extinguishers. Regularly inspect fire extinguishers to ensure that they remain free of obstruction.
3. Post "No Smoking" signs in the waste material storage area.
4. Remove the production materials from the aisles. Regularly inspect the aisles to ensure that they remain free of obstruction.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Place fire extinguishers in their designated locations.
2. Remove production materials that are blocking the fire extinguishers. Regularly inspect fire extinguishers to ensure that they remain free of obstruction.
3. Post ""No Smoking"" signs in the waste material storage area.
4. Remove the production materials from the aisles. Regularly inspect the aisles to ensure that they remain free of obstruction.

Planned completion date

12/31/18

Company Action Plan Update

1. Factory has well organized all fire extinguishers in the designed area.
2. Factory has removed all production materials and well organized all fire extinguisher areas.
3. Factory has posted smoking signs at material storage area.
4. Factory has removed all production materials in all aisles and applies a daily follow up by compliance team"

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. About 10% of the ventilation fans in the production area are not equipped with covers to protect workers against injury. [HSE.14]
2. There are holes in 30% of the mesh gloves used by the cutting workers. [HSE.7]
3. At the time of the assessment, around 5% of the workers in the sewing section were not using the provided needle guards while operating the sewing machines. [HSE.14]
4. Assessors observed workers in the finished goods warehouse wearing slippers instead of the provided safety shoes while operating the forklift. [HSE.7]
5. The factory is not effectively implementing a lockout-tagout (LOTO) program. [HSE.13, HSE.14]
6. The Standard Operating Procedures (SOP) and warning signs posted in the cutting section are written in Chinese, not the local language, Khmer. [HSE.14]
7. The occupational health checks provided to workers such as the kitchen staff, mechanic, and washing workers are conducted by the factory doctor instead of a medical institution. [HSE.1]
8. The factory does not monitor the hygiene status of the food providers. For instance, the food providers working in the canteen do not have hygiene certificates or undergo health examinations. [HSE.22]
9. The factory is not taking proactive steps to reduce the risk of repetitive-motion stress and injuries. The workstations, chairs, and standing arrangements are not based on ergonomic standards. The chairs are not adjustable, anti-fatigue mats are not provided to standing workers. [HSE.17]

Local Law or Code Requirement

The Labor Law Of Cambodia Art 23, 228-230; PRAKAS 053/00; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.13, HSE.14, HSE.17, and HSE.22)

Root Causes

1. Install protective covers on the ventilation fans.
2. Replace the damaged mesh gloves used by the cutting workers.
3. Retrain the sewing workers on the proper use of needle guards. Monitor workers to ensure compliance.
4. Retrain the workers from the finished goods warehouse on the proper use of safety shoes. Monitor workers to ensure compliance.
5. Implement a LOTO system by locking out equipment when needed.
6. Post SOP and warning signs in Khmer.
7. Ensure that occupational health checks are conducted by a medical institution instead of the factory doctor.
8. Ensure that the food providers obtain hygiene certificates and undergo health examinations.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Install protective covers on the ventilation fans.
2. Replace the damaged mesh gloves used by the cutting workers.
3. Retrain the sewing workers on the proper use of needle guards. Monitor workers to ensure compliance.
4. Retrain the workers from the finished goods warehouse on the proper use of safety shoes. Monitor workers to ensure compliance.
5. Implement a LOTO system by locking out equipment when needed.
6. Post SOP and warning signs in Khmer.
7. Ensure that occupational health checks are conducted by a medical institution instead of the factory doctor.
8. Ensure that the food providers obtain hygiene certificates and undergo health examinations.
9. Ensure the workstations, chairs and standing arrangements are based on ergonomic standards, in order to reduce the risk of stress and injuries.

Planned completion date

12/31/18

Company Action Plan Update

1. Factory has installed cover of metal mesh with smaller hole than finger to protect workers against injury.
2. Factory has changed the new metal glove to cutting workers and also allowed them to change it when broken every time.
3. Factory has educated all workers and pushed them to use needle guards and eyes guards while operating to prevent all broken needle hazards.
4. Factory has provided safety shoe to forklift drivers. Factory has educated all workers and pushed to use safety shoes everytime while operating.
5. Factory has established LOTO procedure for factory, however, factory has provided training to Electrician and Mechanic.
6. Factory has re-posted standard Operating SOP and warning sign with local khmer language.
7. Factory has provided health checks to all mechanic, kitchen staff, washing workers to medical institution.
8. Factory has arranged internal health checks for all food provider of canteen 2 times per year and annual checks for external operators.
9. Factory has provided chairs to all workers when needed.

FINDING NO.9

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 across all 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

The factory shall communicate its policies and procedures or their updates with the general workforce across all Employment Functions.

Planned completion date

12/31/18

FINDING NO.10

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 Function. [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

The factory shall periodically review and update its policies and procedures on any of the Employment Function.

Planned completion date

12/31/18

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. 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

The factory's Workplace Conduct & Discipline procedures shall include steps for workers to appeal disciplinary actions taken against them.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory's Health & Safety procedures do not include the following components:

- a. Steps to ensure that all personnel, visitors, contractors, and service providers are safely evacuated;
- b. A list of equipment and machines that require lockout-tagout. [ER.1, ER.31]

2. The factory has provided training to workers on the proper use of Personal Protective Equipment (PPE), but the training was not effective. Assessors observed that many workers do not use PPE correctly. [ER.1, 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

The factory's Health & Safety procedures shall include the following components:

- a. Steps to ensure that all personnel, visitors, contractors, and service providers are safely evacuated;
 - b. A list of equipment and machines that require lockout-tagout.
2. To refresh the training to workers on the proper use of Personal Protective Equipment (PPE).