



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: VF Corporation

COUNTRY: Cambodia

ASSESSMENT DATE: 11/27/18

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Accessories [items, such as handbag clasps, that are affixed to other products]

NUMBER OF
WORKERS: 5323

FLA Comments

FLA Comments: This report was submitted to the FLA and the FLA affiliated company by the assessor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the risks and noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.

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

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.28, ER.29, ER.30, ER.31, and ER.32; Health, Safety & Environment Benchmark HSE.5)

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. Workers do not receive written documentation that substantiates all of the issues covered in orientation, including a copy of the workplace rules. [ER.15]

3. The factory does not provide ongoing training to workers on the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; or Environmental Protection. [ER.1, ER.15, ER.28]

4. The factory does not provide specific training to the relevant supervisors on any of the Employment Functions. [ER.1, ER.17, ER.27]

Local Law or Code Requirement

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

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory employs 45 security guards through a security service provider but does not have an adequate system in place to monitor the service provider's Recruitment, Hiring & Personnel Development practices. In addition, the factory does not maintain records of the security guards' personnel files and employment contracts. [ER.2, ER.11]
2. The factory does not conduct performance reviews for any of the workers. [ER.29]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.11, and ER.29)

Recommendations for Immediate Action

1. Maintain records of the security guards' personnel files and employment contracts on-site at the factory. Monitor the security service providers' Recruitment, Hiring & Personnel Development practices.

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 per week instead of 48 hours per week. [HOW.1]
2. Workers regularly work two hours of overtime per day and sometimes work up to four hours of overtime per day. [HOW.1, HOW.8]
3. Working hours exceeded 60 hours per week during the months of May-July 2018. 10% of workers worked 64-68 hours per week during these months. [HOW.1, HOW.8]
4. Workers are not provided with 24 consecutive hours of rest in every seven-day period. 10% of workers worked for 11 days consecutively from April 2-12 2018. [HOW.1, HOW.2]
5. The factory employs 45 security guards through a security service provider but does not maintain records of the security guards' time cards. [ER.11, ER.23]
6. The factory provides workers with 18 days of paid annual leave, however, the factory decides when workers will be able to take their annual leave without consulting them. Workers were given only four days of leave (two days for the Pchum Ben Festival and two days for the Khmer New Year). Workers were paid in cash for the outstanding 14 days of annual leave in January. [HOW.12]

Local Law or Code Requirement

Labour Law Arts 137, 141.1, 146-148; FLA Workplace Code (Employment Relationship Benchmarks ER.11 and ER.23; Hours of Work Benchmark HOW.1, HOW.2, HOW.8, and HOW.12)

Recommendations for Immediate Action

1. Do not include overtime in production planning
2. Do not allow overtime hours to exceed one hour of overtime per day, as required by local law.
3. Do not allow working hours to exceed 60 hours per week.
4. Provide all workers with 24 consecutive hours of rest in every seven-day period.
5. Maintain records of the security guards' time cards. Ensure that security guards' working hours comply with all legal and FLA requirements.

6. Ensure that workers are able to take annual leave freely.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory employs 45 security guards through a security service provider. These security guards are paid by the service provider, not the factory. [ER.6]
2. The factory not have an adequate system in place to monitor the security service provider's Compensation practices and does not keep payroll or payment records for the security guards. [ER.2, ER.11, C.14, C.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.6, and ER.11; Compensation Benchmarks C.14 and C.15)

Recommendations for Immediate Action

1. Maintain payment and payroll records for the security guards and monitor the security service provider's Compensation practices.

FINDING NO.6

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory has not conducted an environmental risk assessment. [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. [ER.1, ER.31, HSE.5]
3. The factory is not making a sufficient effort to reduce its environmental impact. There is no system to identify and replace hazardous chemicals with less hazardous alternatives. [ER.1, ER.31]
4. The factory does not clearly define the person responsible and accountable for Environmental Protection in the factory. [ER.1, ER.31]

Local Law or Code Requirement

Labour Law Arts 23, 228-230; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.31; Health, Safety & Environment Benchmark HSE.5)

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no secondary containment for 10% of the chemicals (glue and machine oil) in Production Building 2. [HSE.1, HSE.9]
2. The factory's chemical waste is stored next to flammable material (polypropylene foam). [HSE.1, HSE.9]
3. There is no protective cap installed on the gas cylinder valve in the clinic. [HSE.1, HSE.9, HSE.14]

Local Law or Code Requirement

Labour Law Arts 229-230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.9, and HSE.14)

Recommendations for Immediate Action

1. Provide secondary containment for all chemicals in Production Building 2.
2. Do not store chemical waste next to flammable materials such as polypropylene foam.
3. Install a protective cap on the gas cylinder valve in the clinic.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One fire extinguisher in the finished goods warehouse is blocked by materials. [HSE.1, HSE.6]
2. There is no "No Smoking" sign posted in the in the polypropylene foam area. [HSE.1, HSE.6]
3. There is no fire extinguisher available in the polypropylene foam area. [HSE.1, HSE.6]

Local Law or Code Requirement

Labour Law Arts 229-230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.6)

Recommendations for Immediate Action

1. Move materials away from the fire extinguisher in the finished goods warehouse. Ensure that all fire extinguishers remain free of obstruction.
2. Post a "No Smoking" sign in the polypropylene foam area.
3. Provide a fire extinguisher in the polypropylene foam area.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The canteen workers have not undergone health examinations and do not have hygiene certificates. [HSE.1, HSE.22]
2. There are holes in two out of three pairs of mesh gloves used by the cutting workers. [HSE.1, HSE.7]
3. At the time of the assessment, around 20% of the workers in the gluing section were not wearing the safety goggles that they were provided. [HSE.1, HSE.8]
4. At least two of the factory's first aid kits are locked during working hours. [HSE.1, HSE.6]
5. The factory is not taking proactive steps to reduce the risk of repetitive-motion stress and injuries. The workstations and chairs are not adjustable, and standing workers are not provided anti-fatigue mats. Workers who lift heavy objects are not provided lifting belts. [HSE.1, HSE.7, HSE.17]
6. The factory provides Personal Protective Equipment (PPE) training to workers, however, the training is not sufficiently effective. [HSE.1, HSE.8]

Local Law or Code Requirement

Labour Law Arts 229-230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6, HSE.7, HSE.8, HSE.17, and HSE.22)

Recommendations for Immediate Action

1. Ensure that canteen workers undergo health examinations and have current hygiene certificates.
2. Replace the damaged mesh gloves. Retrain workers on the proper use of PPE, including how to replace damaged PPE. Monitor the

condition of PPE to ensure compliance.

3. Retrain workers on the proper use of PPE. Monitor workers to ensure that PPE is worn consistently.

4. Do not lock the first aid kits.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are seven buildings in the factory compound (one three-story office building and six one-story production buildings), however, the factory could only provide inspection reports for two of the buildings (Production Buildings 1 and 2). [ER.2, HSE.1, HSE.4]

2. The factory's Health & Safety procedures do not cover the lockout-tagout process. [ER.1, ER.31, HSE.1]

Local Law or Code Requirement

Labour Law Arts 229-230; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.31; Health, Safety & Environment Benchmarks HSE.1, and HSE.4)

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate its policies and procedures on any of the Employment Functions or their updates to the general workforce. [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]

FINDING NO.12

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)

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory's Workplace Conduct & Discipline procedures do not include a process 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)