



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Yee Tung Garment Co., Ltd

COUNTRY: Vietnam

ASSESSMENT DATE: 07/17/19

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Apparel

NUMBER OF WORKERS: 1096

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.

FLA Code Element	Number of Violations
Compensation	4
Hours of Work	8
Employment Relationship	15
Health, Safety, and Environment	26
Harassment and Abuse	1
Nondiscrimination	1
Freedom of Association	4

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. Factory has not established comprehensive policies and procedures on promotion, demotion and job reassignment. [ER.1, ER.30]
2. The company has no detailed or clear policy/criteria to determine workers who need vocational training and ones who need probation to support the company's decision on classify workers at recruitment. [ER.1, ER.30]
3. Factory has not established comprehensive policies and procedures governing all aspects of Termination and Retrenchment. The procedures do not clearly include the documentation needed to be submitted along with the resignation notice, this risks improper deduction of the workers' final payment. Workers' resignation payment has a risk of improper deduction of an amount equal to ½ monthly salary if the legally required documents are not all submitted. There were no confirmed cases of improper deductions at the assessment. [ER.1, ER.32]
4. No proper policy and supporting documents for the detailed calculation of the efficiency bonus for leaders. [C.1, C.17]
5. Factory did not establish written job description prepared for all positions. [ER.1]
6. Environmental procedures are not comprehensive and missing some elements, such as updated person who is responsible for implementing the procedure as the previous responsible person had left the facility, missing detailed procedure on handling of the waste water and dealing with the environmental emergency. The written procedure on Environmental Protection lacks element of protections for workers who allege environmental violations. [ER.1, ER.31]
7. Health and safety procedures are not complete and missing some elements, such as missing proper LOTO system and a list of equipment and/or machines that require lockout-tagout, machines safety and electricity safety procedures, procedures which allow workers to report health and safety issue without retaliation. In addition, guidance documents for external contractors/service providers concerning health and safety were missing. [HSE.1, HSE.14, ER.1, ER.31]

8. Disciplinary policy and procedure were not comprehensive and missing some elements, such as the list of issues with potential disciplinary fault. [ER.1, ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.30, ER.31, ER.32, C.1, C.17, HSE.1 and HSE.14)

Root Causes

1. The compliance team of facility has changed due to turnover and the new compliance staff is still being trained.
2. There is a gap between the group compliance team and compliance team at the facility on updating and customizing the compliance management system and related policies and procedure.
3. The factory management has committed to the FLA Workplace Code and Benchmarks, but some of them still do not have sufficient awareness of FLA requirements.
4. There was only one designated compliance staff at the facility and the staff was lacking training on FLA Workplace Code and Benchmarks.
5. The factory has regular internal assessments, however, it is not effective or comprehensive enough to cover the entire compliance system and are mainly on the implementation aspect.

FLA's Recommendations for Sustainable Improvements

1. Study the FLA Workplace Code and Benchmarks and assign responsible staff for each employment function and clearly define in writing.
2. Provide regular training on FLA Workplace Code and Benchmarks to all factory responsible team.
3. Conduct detailed and regular assessments and cover all FLA Workplace Code and Benchmarks.
4. Conduct regular review on policies and procedures to update them with the practice at the facility accordingly. Monitor and evaluate the corrective action and preventive action after the review and assessment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Firstly, compliance officer, factory manager, and HR dept. will learn all law requirement for promotion, demotion and job reassignment. After that, we will hold the meeting, and invite worker representatives to discuss how to establish comprehensive policies and procedures. If these draft policies are approved by workers and the factory, we will build the official policies and apply them in our factory.

2. The factory will update its recruitment policy to clarify it.

3. The factory will clearly state in the procedure that except the resignation application form, no other compulsory documents required. If workers have other supplementary documents, they can be submitted together with the resignation form.

4. The factory is drafting its detailed calculation of the efficiency bonus for leaders.

5. The factory will create job description for all positions.

6. The factory will update its environmental procedure to be more comprehensive. And factory will review its policies and procedures regularly and update if necessary.

7. The factory will update its health and safety procedures to be more comprehensive. And factory will also include the guidance for service providers.

8. The factory will updated its list of issues with potential disciplinary fault. In addition, factory will review and update regularly to ensure it can be fully applied for disciplinary actions.

Planned completion date

04/01/19

Company Action Plan Update

1. In progress

The relevant policies and procedures are under working.

7/15/2020: Compliance officer, factory manager, and HR dept. learned all law requirement for promotion, demotion and job reassignment. The factory will have further discussion about it with worker representatives in July 2020.

2. Done.

The factory has updated detailed and clear policy/criteria to determine workers who need vocational training and ones who need probation and their period to support the company's decision on classifying workers at recruitment already.

Please see #7423-2 in the attached files.

3. Done

HR is working on it.

7/15/2020: The factory updated its policy and procedure to ensure required documents for resign application are clearly listed. See attached: 1. Updated internal regulation; 1. Article 19

4. In Progress

The related guidance is under drafting.

7/15/2020: Calculation of efficiency bonus for leaders has been drafted. We will have further discussion with worker representatives and factory management. If approved, we will build up the official policies and apply them in our factory. See attached: 2. Efficiency bonus calculation (draft)

5. Done.

Factory has established written job description prepared for all positions.

Please see #7423-5 in attached files.

6. In progress

The factory is joining HIGG INDEX this year. The factory will combine the findings from HIGG project then update its environmental protection system.

7/15/2020: Factory updated its environmental emergency handling procedure and added element of protections for workers who allege environmental violations on environment policy. See attached: 3. Emergency preparedness and response procedure; 3. Environment policy

7. In progress

The factory is updating its health and safety procedures. And the factory has made 2020 training plan. The factory will train the updated H&S procedure to both of factory direct workers and service contractor's staff who are working in our factory.

7/15/2020: Factory provided guidance for service providers concerning health and safety and got their confirmation that they well know our factory's H&S regulation and commit to follow it. And factory has build up it LOTO system. See attached: 4. HS Guidance for service providers; 15. LOTO system

8. Done.

Factory has updated its list of issues with potential disciplinary fault already.

Please see #7423-8 in attached files.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory provides ongoing training to employees on the following Employment functions: Recruitment, Hiring and Personnel development practices, Workplace Conduct and Discipline, Wages and Benefit, Hours of Work, Industrial Relations and Freedom of Association, Grievance System, Health and Safety, Environmental Protection, company COC. Despite the ongoing training were provided to workers. Workers still lack of sufficient awareness on employment functions other than wages calculation, hours of work and industrial relations and freedom of association. Facility shall enhance the training effectiveness [ER.1] 2. Factory provided PPE training to workers, however the training was not effective as 10% of sampled workers were not properly using the PPE, including workers in the spot removing and knitting sections. [ER.31, HSE.8] 3. Factory does not provide specific training for the relevant managers and supervisors on the FLA's code of conduct. [ER.1, ER.17] 4. Factory does not provide training on workplace

conduct to the relevant HR personnel and administrative staff. [ER.1, ER.17] 5. Health and safety trainings are incomplete, including missing proper machines safety training, ergonomic training, electrical safety training and , LOTO training [HSE.14, HSE.15] 6. Outside contractor has not been trained on health and safety information at the facility. [HSE.14, HSE.15]

Local Law or Code Requirement

Vietnam Labor Code No. 10/2012/QH13, Article 138 and 149 defines that an employer has the obligations to ensure safe and hygienic working conditions. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, ER.31, Health, Safety and Environment HSE.8)

Root Causes

1. The factory management has committed to the FLA Workplace Code and Benchmarks, but some of them still do not have sufficient awareness of FLA requirements. 2. Ineffective assessment of training needs, training plan is not effectively designed in accordance with the training needs assessment and FLA standards. 3. No effective evaluation system in place to evaluate the effectiveness of training. 4. Designated staff for training have insufficient experience and expertise in carrying out the training. 5. Lack of effective internal assessment and management to ensure that effective compliance and training system is in place. In addition, there were some relevant policies and procedures related to training that are missing or incomplete.

FLA's Recommendations for Sustainable Improvements

1. Establish the missing policies and procedures, review and update factory's relevant policies and procedures for training to implement. 2. Clearly define the responsible staff for each function, including training. 3. Provide training on the updated relevant policies and procedures regarding all Employment Functions to responsible staff and all workers regularly. The post training evaluation should be conducted. 4. Carry out an assessment of training needs. Set up proper training plan with sufficient resources to ensure that ongoing trainings are carried out. 5. Engage external training agent to provide train the trainers program to ensure responsible staff are capable of conducting the training. 6. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. HR Dept. and compliance officer will provide refresh training to workers on all employment functions. The factory will also test workers and conclude the training effectiveness after the training, then continuously improve; Compliance officers will monitor and follow employment functions implementation usually, and conduct worker interview during internal audit to assess worker's knowledge on it.

2. Supervisors are responsible for daily checking and reminding workers to use PPE while working; Compliance staff is in charge of regularly checking and monitoring the practice; H&S refreshing training will be provided regularly to improve workers awareness.

3. HQ compliance team will arrange relevant training to factory management and supervisors.

4. The factory will include the relevant training in training schedule then implement.

5. The relevant policies and procedures are under updating. Compliance officer will provide more comprehensive health and safety training to the workers, include proper machine safety training, ergonomic training, electrical safety training and LOTO training.

6. The factory will follow up with outside contractor about the factory's H&S requirements and provide guidance including training for their staff who are working in our factory.

Company Action Plan Update

1. Done.

The factory has finished its training plan for 2020. During this year's training, they will focus more on the training efficiency testing and improve further on training efficiency.

7/15/2020: HR Dept. and compliance officer provided refresh training to workers on all employment functions in Mar 2020. The factory tested 100% workers after the training. The result shows that workers well got the training content. See attached: 5. 2020 Refresh Training Summary

2. Done.

Workers are wearing PPE during work.

See attached #7424-2 in attached files.

3. Done.

HQ compliance team has arranged Yee Tung Code of Conduct training to the managers and supervisors which is compliant with FLA's code of conduct. Refresh training will be provided at least once a year. Please see #7424-3 in attached files.

7/15/2020: Compliance officer provided Yee Tung Code of Conduct training to the managers and supervisors which is compliant with FLA's code of conduct in Mar 2020. See attached: 6. Training for managers&supervisors

4. Done

The compliance officer has scheduled the training and will provide training to the relevant HR personnel and administrative staff by the due date. Please see #7424-4 in attached files.

7/15/2020: Compliance officer provided training to the HR and admin staff in Mar 2020. See attached: 6. Training for managers&supervisors; 7. Training for HR

5. Done

The compliance officer has scheduled the training.

7/15/2020: Factory provided more comprehensive health and safety training to the workers, include proper machine safety, ergonomic, electrical safety, and LOTO. See attached: 18. worker training

6. Done

The factory will invite contractor's staff who are working in our factory to join our factory health and safety training for direct workers.

7/15/2020: Factory provided guidance training for service providers concerning health and safety and got their confirmation that

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

Facility lacks of sufficient elements and component in workers involvement across employment functions Employment Functions including Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment, Environmental Protection; and Health & Safety. This indicates that the factory has not established procedures to actively request and/or receive workers' input or feedback regarding the creation, suggestion, and implementation and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

[ER.1.3, ER.25.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.25.2)

Root Causes

1. Training for workers is not conducted effectively. 2. The compliance team is new and not yet experienced with the compliance management system. 3. There are missing relevant policies and procedures for training and communication as well as the evaluation of those processes, the responsibilities of the teams and sections are not effectively defined in the factory for compliance management system. 4. There are compliance staff, but the staff have not received sufficient specific training on FLA Workplace Code and Benchmarks.

FLA's Recommendations for Sustainable Improvements

1. Review to establish and update factory's relevant policies and procedures for workers' training and involvement. 2. Clearly define the responsible staff for each function including training, communication and worker involvement. 3. Provide training on the updated relevant policies and procedures regarding all Employment Functions including Worker Involvement and Integration to responsible staffs and all workers regularly. Evaluation after training should be conducted.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Compliance officer and HR dept. will add sufficient elements and components of workers involvement across employment functions.

2. Compliance officer and HR dept will train the updated policies and procedures of employment functions to both of management and workers to ensure they can be implemented well.

3. The factory will conduct management-work dialogue regularly to hear each other's voice to boost the worker involvement

improvement.

Planned completion date

08/12/19

Company Action Plan Update

In Progress

The factory is working documents review and update, which is as first step.

FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory has a policy and procedures to regulate conducting regular review for policies and procedures. However, a comprehensive regular review has not been effectively conducted. Therefore, the procedures have not been fully implemented to ensure that policies and procedures are effective, updated according to local laws and the FLA Workplace Code and Benchmarks across all Employment Functions including Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment, Environmental Protection; and Health & Safety. [ER.1, ER.25, ER.26, ER.27, ER.28, ER.29, ER.30, ER.31]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 ER.25, ER.26, ER.27, ER.28, ER.29, ER.30, ER.31)

Root Causes

1. There are missing relevant parts of the policies and procedures. They do not clearly define the responsibility of teams or sections in the factory for reviewing the compliance management system.
2. There is compliance staff, but the staff are new and have not received specific training on FLA Workplace Code and Benchmarks.
3. The factory has internal assessments and regular management reviews, however, it's still not effective or comprehensive enough to assess the factory's compliance system.

FLA's Recommendations for Sustainable Improvements

Conduct a regular review on all the policies and procedures and ensure all the updated policies and procedures are in line with local law and FLA Benchmarks.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Compliance officer and HR dept will update its document review policy and procedure regularly; Compliance and HR Dept. will usually conduct reviewing for policies and procedures to ensure they are effective, compliant, and comprehensive.

Planned completion date

08/12/19

Company Action Plan Update

In Progress.

The factory has updated some policies and procedures, which is shown under other findings correction actions.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The company borrows daily workers from a local garment facility through an agreement. At least 15 of these workers were found onsite at the time of assessment. The factory paid a fee of VND 200,000 (USD 8.60) per day for each worker to the local garment facility, who then pays the workers. No proper control system, such as proper proof of age document was available for review. Based on worker interviews, no underage workers were found. In addition, the practice violates the prevailing legislation which prohibits such kind of indirect hiring of workers. [ER.1, ER.4, ER.5, ER.6]

Local Law or Code Requirement

Vietnam Labor Code No. 10/2012/QH13, Article 53 to 58, Decree 55/2013/ND-CP, Article 1, Clause 2, Article 25, Clause 1 & Article 26, ANNEX. V, FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.4, ER.5, ER.6)

Root Causes

1. High demand of workforce in peak season in the finishing section.
2. High cost in employing long term workers and shrinkage of profit margin.
3. Highly seasonal item produced by the facility and the high demand of workers in a very short period of time.
4. Late confirmation of order from the client and short lead time.

Recommendations for Immediate Action

1. Cease the practice of using the temporary daily workers from another facility. Properly employ daily workers as per local legislation.
2. Keep and maintain the proper proof of age documents for all workers, including daily workers.
3. Ensure that recruitment related documents, including time and payment records are properly maintained.

FLA's Recommendations for Sustainable Improvements

1. Carry out proper human resource processes needed to assess and establish a proper plan on workforce needs in advance.
2. Provide cross training to workers in order to provide buffer for different types of work.
3. Refine the production engineering process to better estimate the production time and work with the client to ensure sufficient lead time is given.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory will stop having temp workers. If the factory wants to hire temp workers afterward, we will follow the law requirement strictly.

Planned completion date

08/12/19

Company Action Plan Update

The factory immediately stopped having temp workers after audit.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Workers' working hours at the facilities were excessive, such as: - 67% of sampled workers had daily overtime hours exceeding the legal limit of 4 hours per day, for instance: daily overtime reached 5.5 hours per day in June 2019, November and December 2018 at the auto knitting, inspection, ironing departments. - 36% of sampled workers had weekly working hours exceeding 60 hours per week, and the maximum weekly working hours were between 80 and 86.5 hours in June 2019, August and December 2018 in the finishing, inspection, ironing, washing departments - 42% of sampled workers had monthly overtime hours exceeding the legal limit of 30 hours per month, for instance monthly overtime hours reached from 100 hours to 126 hours from March to June 2019 at the Finishing, Linking departments. [HOW.1, HOW.8]

2. 32% of sampled workers were not guaranteed at least one day off per week. For example, workers were not provided a rest day from the first to the third Sunday per month. The maximum consecutive working days reviewed was 25 days in June 2019. [HOW.1, HOW.2]

3. The factory monitors the canteen supplier, a subcontractor, but the monitoring system is not effective. Based on the provided records, Canteen workers' working hours were excessive. For example, they worked more than 60 hours a week and reached 80 hours per week at maximum. They were also not guaranteed at least one day off in seven days and the maximum worked up to 58 consecutive working days from May 4 to June 30, 2019. [HOW.1, HOW.2, HOW.8]

4. The production plan for the knitting section is based on an 11 hour day. [HOW.1, HOW.8]

5. Working hours and weekly rest days are not clearly stated in the labor contract. The factory states in the approved Internal Regulation and Collective Bargaining Agreement that the weekly rest day is not fixed and changes depending on production plans. All changes should be announced to workers but assessors were not able to find examples of any of these announcements. [HOW.1, HOW.2, ER.16]

6. The factory does not have plans to schedule annual leave for workers or announce scheduled annual leave to employees, as stated in their approved Internal Regulation as required by law. [HOW.1, HOW.11]

Local Law or Code Requirement

Labor Code of Vietnam No. 10/2012/QH13, Article 110, Clause 1; Article 106, Clause 2.b; FLA Workplace Code (Hours of Work Benchmark HOW.1, HOW.2, HOW.8, HOW.11; Employment Relationship Benchmark ER.16)

Root Causes

1. Production is highly seasonal and there are high volume of orders during the peak season. 2. Production planning and order planning includes overtime hours. 3. Late confirmation of order and last minute change of orders. 4. Short lead time due to the change of the sourcing practices. 5. Material delays 6. Lack of designated personnel 7. Lack of effective regular review on the practice of recruitment and hiring. 8. Production plan is not properly established in advance and tie with the annual leave plan.

Recommendations for Immediate Action

1. Ensure daily overtime hours do not exceed four hours per day, 30 hours a month and 300 hours a year.

2. Ensure weekly work hours do not exceed 60 hours per week.

3. Ensure workers are provided with one day of rest (24 consecutive hours) for every seven-day period.

4. Base production plans on an eight hour workday.

5. Ensure working hour and weekly week days are clearly stated in the labor contract and changes of rest day shall be announced to workers in advance.

6. The factory's annual leave plan will be properly established and announced to workers in advance.

FLA's Recommendations for Sustainable Improvements

1. Engage with clients to to improve production planning. 2. Enhance production engineering and planning process to have better plans for production and human resources as well as order taking. 3. Establish better supplier management systems to reduce and minimize

material delays. 4. Cross train workers in order to provide a buffer on the workforce when needed. Establish a system to work with the sourcing department of brands and production planning department to have better production planning that is based on regular hours, in order to do the order estimation and forecasting the production lead time. 5. Apply better production management systems, such as incorporating the concept of lean production. Rearrange and design the production process to enhance efficiency. 6. Regularly assess the compliance and HR systems to ensure that practices are in line with the law. Identify the gaps and carry out proper systems to address the issues identified.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. After SCI audit, we submitted 2-year working hrs reduction plan to FLA. And we track the working hrs monthly.

Factory will keep working on working hrs reduction by:

1. The factory will improve its responsible production policies and procedures, and consider OT hours requirement during production planning.
2. The factory will evaluate its capacity and update to HK headquarter regularly. So that production allocation would be more reasonable. Overload production allocation can be avoided.
3. The factory will increase its working efficiency and capacity by QA improvement and hiring more workers to reduce its OT in a certain extent.
4. HK headquarter will closely monitor the purchase and delivery of production materials to ensure all can be done smoothly. Less lead time due to late delivery can be avoided or reduced.
5. HK headquarter also will report to buyers and apply shipping date postpone for any special case instead of workers having excessive OT to chase the deadline.

2. After SCI audit, we submitted 2-year working hrs reduction plan to FLA. And we track the working hrs monthly.

Factory will keep working on working hrs reduction by:

1. The factory will improve its responsible production policies and procedures, and consider OT hours requirement during production planning.
2. The factory will evaluate its capacity and update to HK headquarter regularly. So that production allocation would be more reasonable. Overload production allocation can be avoided.
3. The factory will increase its working efficiency and capacity by QA improvement and hiring more workers to reduce its OT in a certain extent.
4. HK headquarter will closely monitor the purchase and delivery of production materials to ensure all can be done smoothly. Less

lead time due to late delivery can be avoided or reduced.

5. HK headquarter also will report to buyers and apply shipping date postpone for any special case instead of workers having excessive OT to chase the deadline.

3. The factory will communicate the working hrs regulation to the canteen service provider and monitor their remediation progress.

4. The factory will improve its responsible production system, include the time base of the production plan. Related department will have meeting to discuss further about the production plan procedures and standards.

5. The factory has several working shifts. And rest day is not set on Sunday for all workers. Based on the factory production demand and workers' willingness, the working shift and rest day would be changed always. That's the reason why working hrs and weekly rest day not fixed in labor contract. While the factory will follow the internal regulation and CBA and have announcement to the workers about the shift and rest day adjustment.

6. The factory will set up plans to schedule annual leave for workers. This schedule has to be agreed by the workers; The factory will announce scheduled annual leave to employees when the factory gets workers' approval, and the schedule also can fulfill the factory's production demand.

Planned completion date

08/12/19

Company Action Plan Update

1. In progress.

The factory keeps working hrs tracking monthly. It shows that weekly working hrs and rest days issues are improving progressively.

7/15/2020: In 2020 (Jan-May), most of workers had 4 hrs OT/day, max 72 hrs/week, and 7th day rest. The max monthly OT during this period is 110 hrs at Knitting, in Feb 2020 (it is a rare case). See attached: 8. Working Hours Tracking Sheet 2020

2. In progress.

The factory keeps working hrs tracking monthly. It shows that weekly working hrs and rest days issues are improving progressively.

7/15/2020: In 2020 (Jan-May), most of workers had 7th day rest. The max consecutive working days during this period is 19 days at Knitting, in Feb 2020 (it is a rare case, just one person). See attached: 8. Working Hours Tracking Sheet 2020

3. In progress.

Compliance dept. has provided the local law training about the working time to Canteen contractor. The canteen contractor is required to submit staff attendance record to the factory compliance dept for monitoring.

7/15/2020: In May 2020, for canteen staff, The max weekly working hrs was 68hrs, and max consecutive working days was 13 days.

4. In progress.

The related person well aware the requirement now. The factory will have further discussion, even with HK headquarter to discuss the following steps.

5. Done.

For knitting, dept head would have a shift arrangement for all knitting dept workers every month. The arrangement needs all workers' confirmation with signature, then submitted to HR for record.

For other dept, if a worker wants to change his shift. He/she can submit a suggestion paper to apply. After approved by supervisors, the final paper would be turned to HR for further proceeding and record.

So current practice complies with internal regulation and CBA now.

See attached #7428-5 in attached files

6. Done.

Attached is the latest AL arrangement announcement.

Please see #7428-6 in attached files

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. Factory did not obtain the written consent from workers for the deduction of union fee made from workers' wages. [FOA.24]
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

FLA Workplace Code (Freedom of Association Benchmarks FOA.2 and FOA.24)

Root Causes

1. The Labor Union in Vietnam factories is not independent. It is still under control of The Vietnam General Confederation of Labor (VGCL), a political organization in Vietnam.
2. Lack of awareness of the factory management on the FLA requirement and no designated personnel is overseeing the aspect, except the union leader is available.

Recommendations for Immediate Action

1. Ensure that proper written consent is obtained from the workers on the deduction of union dues from their wages.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. There is a written union revenue and expenditure management regulation on-site, which states that monthly union fee would be collected once join the trade union. This regulation is informed to the workers when someone is willing to join trade union. If they agree on the terms of the regulation, then they sign the trade union member registration form, which means that they agree on the union fee deduction. The factory will find out the documents for support.

2. The factory will keep practice as it is local law requirement, which is out of the factory's control.

Planned completion date

08/12/19

Company Action Plan Update

1. Done.

The supporting is found. The factory will add a column in the application form to let workers confirm they well know the term next time.

Please see #7429-1 in attached files.

2. In Progress.

The factory will keep practice as it is local law requirement, which is out of the factory's control.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

Production efficient bonuses are deducted as a disciplinary action for lack of attendance. For instance, 50% of the production efficient bonus is deducted if a worker violates company regulations or leaves work without prior announcement. [C.1, C.10]

Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmarks C.1. C.10)

Root Causes

1. Lack of effective regular internal assessment on the compliance system at the facility.
2. Factory is not aware of the FLA benchmark requirements in relation to the disciplinary deduction.
3. Production staff are mainly concerned with the production efficiency and lacks awareness on specific training on FLA requirement.

Recommendations for Immediate Action

1. No disciplinary deduction shall be made for any disciplinary related violations.

FLA's Recommendations for Sustainable Improvements

1. Carry out regular assessments to ensure that compliance systems are effectively implemented and action plans are taken to address any issues.
2. Provide specific training to respective staff to ensure that they are fully aware of the policies and procedure and properly implementing them.
3. Regularly review and update the system, policies and procedure to ensure that they are in line with current practices and the FLA requirement.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory will consider this and find the other ways (non-monetary fine) which are effective to prevent/reduce the disciplinary faults.

Planned completion date

08/12/19

Company Action Plan Update

In Progress.

The factory has updated its list of issues with potential disciplinary fault already. For the disciplinary action part, it still needs to be further discussed.

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. No fire drill has been conducted in the dormitory areas. [HSE.1, HSE.5]
2. Some fire extinguishers did not have monthly checks. It was noted that at least five randomly checked fire extinguishers were found with the expired external inspection date of July 3, 2019 or Jan 3, 2019, in the sewing, automatic knitting section, and washing section. [HSE.1, HSE.5, HSE.13]
3. The fire hydrant system and the fire alarm system in the dormitory areas were still in the midst of installation and will be ready in around 10 days. [HSE.1, HSE.5]
4. The assessors noted insufficient fire fighting equipment for the fire-fighting team members as only three sets were available. They were also kept in storage. [HSE.1, HSE.13]

5. The newly established 2-story building is still getting the completed building inspection and fire related documentation and permits. At the time of assessment, it was used as a warehouse to store goods and materials. [HSE.1, HSE.4]
6. The fire risk assessment is not complete; it is missing the dormitory area. [HSE.25]
7. Floor markings are missing in the finishing and linking section. [HSE.1, HSE.3, HSE.5]
8. Exit routes at the warehouse and finishing sections are obstructed. [HSE.1, HSE.3, HSE.5]

Local Law or Code Requirement

Vietnamese Standard (TCVN) No. 7435 - 2:2004, Part 2, Item 4 on Inspection and maintenance for fire extinguishers; Decree No. 79/2014/ND-CP dated July 31, 2014, Chapter 3, Article 21, point 4 "Practice of firefighting plans"; Article 17, Point 1; Circular No. 56/2014/TT-BCA dated November 12, 2014, Chapter II, Article 5, Clause 1 & Article 7, Clause 2; 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; National standard (TCVN) No. 2622:1995 Fire prevention and protection for buildings and structures - Design requirements, Point 7.5; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.3, HSE.4, HSE.5, HSE.13, and HSE.25)

Root Causes

1. New changes of the compliance responsible personnel and lack of proper coordination within the health and safety committee.
2. Insufficient number labor safety officers employed and the daily inspection is not effectively implemented.
3. Ineffective and incomplete risk assessment, including the fire risk assessment.
4. Ineffective training provided to workers and lack of effective tracking of training effectiveness.
5. Lack of qualified and designated personnel to handle the special project, plan and coordinate with the production related department on the need of new production space. Lack of adequate policies and procedure governing in this respect.

Recommendations for Immediate Action

1. Conduct fire drills at all areas within the facility.
2. Conduct regular internal and external inspections of all fire extinguishers.
3. Ensure that a sufficient amount of fire fighting equipment is provided to the fire-fighting team members.
4. Ensure the fire-fighting equipment is installed at the dormitory areas as stipulated by law.
5. Obtain proper fire and building related certificates prior to using the new production building.
6. Ensure that all direction arrows are properly repainted and regular inspections are carried out.
7. Ensure all exit routes are free from blockages and regular inspections are carried out.

FLA's Recommendations for Sustainable Improvements

1. Establish and refine the policies and procedure in the areas of fire safety to include all the appropriate aspects. Designate and sufficiently train personnel to ensure proper implementation of the compliance system.
2. Engage a sufficient number of qualified safety officers to ensure that daily inspections are properly carried out and ensure the implementation of health and safety related policies and procedure.
3. Revamp the system of risk assessment to ensure that the complete risk assessment, including the fire risk assessment for all relevant areas, is carried out.
4. Incorporate the production related personnel to the regular health and safety committee so that the production plan, development project are included in the regular health and safety committee meetings.
5. Enhance the training plan to ensure refreshment training and ongoing training to be provided to the workers and respective personnel regularly.
6. Carry out effective regular internal assessment and management review on the current compliance management system to identify the gaps and implement proper corrective action plan and preventive action to address the gaps and issues raised.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will include fire drill for dorm in fire drill plan and arrangement together with workshop.
2. The factory will enhance internal and external fire equipment checking to ensure they keep good working situations.
3. The compliance will work with building contractor about the progress.
4. The compliance will report to factory management and get approval for purchasing sufficient fire fighting equipment for fire-fightingteam members.
5. The compliance will work with building contractor about the permit application progress.
6. The compliance will conduct a comprehensive risk assessment for dorm.
7. The factory is fixing and expanding the finishing and linking section. After finished, all floor markings would be painted. Compliance officer will monitor it.
8. Supervisors are responsible for daily checking and monitoring exit routes not be obstructed; Compliance staff is in charge of regularly checking and monitoring the practice.

Planned completion date

08/12/19

Company Action Plan Update

1. Done

Compliance officer is contacting the fire police and get support from them.

7/15/2020: Factory arranged fire drill for the dormitory in Mar 2020. See attached: 9. Fire drill (dorm)

2. Done

Compliance officer is making an inspection plan for internal and external check for fire extinguishers.

7/15/2020: Compliance officer and HSE checking all fire extinguishers monthly for all dept. at factory with records. See attached: 10. Check records (PCCC); 10. internal check records

3. Done.

Fire fighting system of dorm inspection has been done. And the factory has received the related document already.

See attached #7431-3 in attached files

4. In Progress.

The purchase application is under approval.

7/15/2020: Factory IS checking the price of fire fighting equipment for fire-fighting team members from the service provider.

5. Done

Except for the fire safety approval permit, other permits and documents have got already.

See attached #7431-5 in attached files

7/15/2020: Factory had got the completed building inspection and fire related documentation and permits. See attached: 12. Fire safety approval permit for 2-story building; 12. Building permit; 12. Drawings for permission for a new building

6. Done.

The factory has conducted a comprehensive risk assessment for the dorm area.

See attached #7431-6 in attached files

7. Done

The expansion is still undergoing.

7/15/2020: All floor markings have been painted. See attached: 13. Floor markings in the finishing and linking section

8. Done.

The exit routes are unobstructed.

See attached #7431-8 in attached files.

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Several electrical panels were built up with dust and not in good condition, such as at the canteen and warehouse areas. There is also a control panel that is blocked in the canteen. [HSE.14, HSE.15]
2. No boiler cleaning records were available for review to prove the boilers are properly cleaned. [HSE.14, HSE.15]
3. No proper machine operation instruction or SOPs are available for the washing machines. Some sign or instructions were not in the local language. [HSE.14, HSE.15]
4. Around 10% of sampled workers were not properly using Personal Protective Equipment (PPE) in the spot removing section and knitting section. [HSE.8]

Local Law or Code Requirement

Article 5-Warning, National standard (QCVN) No. 01:2008/BCT, National technical regulation on Electric safety. Labor Code 2012 dated on June 18, 2012, Article 138, Point 1, Item b; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.8, HSE.14, HSE.15)

Root Causes

1. New changes to the compliance responsible personnel and lack of proper coordination within the health and safety committee.
2. Insufficient labor safety officer being employed and daily inspection not effectively implemented.
3. No comprehensive policies and procedures with respect to the electrical safety and machines safety.
4. Ineffective training due to the lack of effective evaluation on training effectiveness
5. Ineffective regular inspection by the health and safety committee.
6. Boiler operators lack awareness on the importance of regular cleaning of the boilers.

Recommendations for Immediate Action

1. Regularly clean electrical panels to be free from blockages.
2. Regularly clean the boiler and records are properly maintained.
3. Ensure that all machines within the facility are provided with proper machine operation instruction and SOPs in the local language
4. Refreshment training shall be provided to workers on the usage of PPE to ensure that PPE is properly used.

FLA's Recommendations for Sustainable Improvements

1. Ensure proper policies and procedure at the electrical safety and machines safety are being set up and effective training is provided to the specific personnel.

2. Enhance the function of the health and safety committee and engage a sufficient number of labor safety officers to carry out daily inspections on the compliance system.
3. Enhance the training plan to ensure refresher training and ongoing training to be provided to the workers and respective personnel regularly.
4. Carry out effective regular internal assessment and management review on the current compliance management system to identify the gaps and implement proper corrective action plan and preventive action to address the gaps and issues raised.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will arrange the mechanic team to clean the electrical panels. And section supervisors are responsible to remind the and guide the workers that the electrical panel/control panel can't be blocked for fire safety guarantee.
2. The factory will create checklist for boiler cleaning record.
3. Compliance team will work with mechanic team on machine operation SOPS.
4. The factory will ensure sufficient and proper PPT provided and remind workers wearing during work.

Planned completion date

08/12/19

Company Action Plan Update

1. Done.

The factory required mechanic dept to check and clean all electrical panels weekly. All control panels are free from blocked.

See attached #7432-1 in attached files.

2. Done.

The factory has cleaned its boiler with records weekly.

See attached #7432-2 in attached files.

3. Done

Compliance officer and Mechanic dept. are checking all current machine operation instruction/SOPs and signs. After that, Compliance will supplement the missed element and replace for any necessary.

7/15/2020: Factory added machine operation instruction for the washing machine, dryer, and extractor with local language. See attached: 14. Sign and instruction for dryer with the local language; 14. Sign and instruction for extractor with the local language; 14. Sign and instruction for washing machine with the local language

4. Done.

The spot removing section and knitting section workers wearing PPE during work.

See attached #7424-2 in attached files.

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There was only one appointed part-time Labor safety officer instead of two full time officers. [ER.1] 2. Hazardous waste and the normal waste are not properly segregated or stored. It was observed the raining water went into the hazardous waste storage areas next to the production building. [HSE.1, HSE.9] 3. Toilets do not have proper supplies, for instance, there is missing soap, toilet paper, etc. [HSE.1, HSE.19, HSE.20] 4. There were chemicals not properly labeled or missing MSDS in the spot lifting section and maintenance rooms. [HSE.1, HSE.10] 5. Goods are stacked too high at the warehouse with risks of falling. [HSE.1] 6. No asbestos assessment has been carried out. [HSE.1] 7. First aid kits are missing sufficient first aid supplies. The burn cream is missing in the canteen's first aid kit and the eyewash lotion is missing in one maintenance room. [HSE.1, HSE.6] 8. No LOTO system in place at the facility. [HSE.1, HSE.14, HSE.15] 9. Work related injury records do not include near missed incidents. [ER.31] 10. Incomplete ergonomic program as only some workers were

provided chairs with back rests or provided floor mats. [HSE.17]

Local Law or Code Requirement

Circular No. 19/2016/TT-BYT, Article 6; Law on Chemicals no. 06/2007/QH12, dated on November 21, 2007, Article 12, Article 29; Item 6.1.5, National Standard (TCVN) No. 5507:2002; Article 7 and Appendix 2 of Circular No. 36/2015 / TT-BTNMT dated on June 30, 2015 on the management of hazardous wastes; Article 19, 22, 29; Decree 155/2018/ND-CP dated on November 12, 2018, Article 1, Clause 2.2; National Standard TCVN 3147: 1990 on safety code for loading and unloading work, Point 3.1.2. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.4, HSE.6, HSE 8, HSE.9, HSE.10, HSE.14, HSE.17, HSE.19, HSE.31, Employment Relationship Benchmark ER.1)

Root Causes

1. Changes in the people responsible for compliance and lack of proper coordination within the health and safety committee. 2. Insufficient personnel and the daily inspection is not effectively implemented. 3. No comprehensive policies and procedure in the respect of the machine safety and LOTO system. 4. Ineffective regular inspection by the health and safety committee. 5. Ineffective training due to lack of the effective evaluation on the training effectiveness. 6. The factory does not think that there is asbestos in the facility. 7. Factory unaware of the importance and function of monitoring the nearly missed work related injuries. 8. High costs to implement the full ergonomic program and it also needs to align with the production activities to ensure efficiency.

Recommendations for Immediate Action

1. Ensure that hazardous waste and the normal waste is properly segregated and stored. Properly construct the water prevention facility to ensure that rain water is not able to go into the waste storage areas.
2. Provide toilets with full supplies and regularly replenish supplies.
3. Provide chemicals with proper labels and MSDS. Ensure they are in the local language.
4. Do not stack goods too high in the warehouse, ensure frequent inspections.
5. Provide the first aid kits with full supplies and regularly replenish.
6. Establish LOTO system in the facility and provide necessary training to the specific personnel.

FLA's Recommendations for Sustainable Improvements

1. Enhance the coordination between the compliance responsible personnel and the health and safety committee. 2. Engage with a sufficient number of the labor safety officers to ensure that daily inspection is effectively implemented. 3. Enhance the current policies and procedure in the machines safety and LOTO system. 4. Provide ongoing training to the workers and specific personnel to ensure that machines safety and LOTO system are effectively implemented. 5. Carry out an asbestos assessment by a competent agent or personnel in the facility to check if asbestos is used in the facility and formulate related strategy in mitigating the risk based on the result of the assessment. 6. Establish proper system to track the near missed work related injury, carry out necessary analysis and implement preventive actions to address the potential risk of work-related injury. 7. Conduct further study on the ergonomic program and feasibility in implementing the program with aligning with the current production flow and process. Adopt latest technology to reduce the cost.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will recruit two full-time safety officers per law requirement.

2. The factory will separate hazardous and non-hazardous waste. And the factory will install sufficient facilities there, like proof, fire fighting equipment, warning labels, and keep a clean and safe environment there. In addition, the factory will provide waste management training to related person and enhance monitoring.

3. The factory will make a schedule for soap and toilet supplied in toilets.

4. The factory will guide more for workers and related supervisors on chemical safety.
5. The factory will adjust the height of the goods in the warehouse. And the factory will enhance daily check.
6. The factory will contact with an external agency to consult the asbestos assessment.
7. The factory will have an overall check and supplement the missing medicine in first aid supplies.
8. The factory will update its health and safety policies and procedures, including LOTO system.
9. The factory will set up missed incident form and relevant procedures, and provide training to the responsible person for well implementation.
10. The factory will have meeting about the ergonomic programs. Especially for the chairs with back, workshop layout needs to be re-arranged due to more space for each work position is required. The factory will work on the program one step by step and provide ergonomic training to the workers in the meantime. The factory will also consider adding some body relax content in the training to teach workers some skills to relax their body.

Planned completion date

08/12/19

Company Action Plan Update

1. In progress.

The factory recruited one full-time safety officer already. The factory will proceed to add one more employee.

2. In Progress.

The factory has separated the hazardous waste and normal waste in two areas, with label, fire extinguisher, and warning signs.

See attached #7433-2 in attached files.

3. Done.

The factory has provided soap and paper in toilets for worker use.

See attached #7433-3 in attached files.

4. Done.

1. All chemical bottles transferred to the chemical storage already and equip properly labeled and MSDS.
2. Review and update the chemical management procedure to include the acquirement and keeping of MSDS for all chemicals and hazardous substances used in the workplace Train in-charge staff and workers working with chemicals
3. Review all chemicals and hazardous substances used in the factory and request suppliers to provide MSDS for each chemical.
4. Translate MSDS into Vietnamese (if needed).
5. Make MSDS available in the workplace (not just in the office).
6. Regularly check and monitor the practice.

See attached #7433-4 in attached files.

5. Done.

The height of goods is at a safe level now.

See attached #7433-5 in attached files.

6. In Progress.

The factory will contact with an external agency to consult the asbestos assessment.

7. Done.

1. First aid kits at Canteen had the burn creams already and we also equipped enough items for these kits as the legal law.

2. For the maintenance room, there is no first aid kit there now. In the finishing dept which is nearby to maintenance, there are 2 first aid boxes with sufficient boxes provided. The maintenance team only has 8 staff. They can get the supplies from finishing in a quick and easy way. It complies with law requirement.

3. Compliance officer also suggested Physical at the factory provide the base training on how to use first aid kits when they need.

See attached #7433-7 in attached files

8. Done

The factory will update its health and safety policies and procedures, including LOTO system.

7/15/2020: Factory updated its health and safety policies and procedures, including LOTO system. 15. The updated health and safety policy include LOTO system

9. In Progress

The factory has drafted a near missed incident form and its relevant procedure.

See attached #7433-9 in attached files.

7/15/2020: Factory have the official near missed incident form and its relevant procedure. The factory will implement when have related case. See attached:

16. The official near missed incident form and its relevant procedure

10. Done

The factory will have meeting about the ergonomic programs. Especially for the chairs with back, workshop layout needs to be re-arranged due to more space for each work position is required. The factory will work on the program one step by step and provide ergonomic training to the workers in the meantime. The factory will also consider adding some body relax content in the training to teach workers some skills to relax their body.

7/15/2020: All workers were provided chairs with back rests or floor mats. See attached: 17. Samples for chair with back rest and floor mat

FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. When workers work overtime they receive a free meal from the factory. If a worker changes their mind and does not work overtime, the company collects a fee equivalent to the meal from workers, the reason being that they had previously signed the overtime registration. Workers have complained about this practice during a Dialogue in Workplace meeting (meeting between union, worker representatives, and factory management held quarterly) on March 21, 2019. The factory responded on April 6, 2019 that they would

stop this practice. However, the factory has kept this practice currently (April 2019) and there has been no formal announcement to end the policy. [C.1, C.10, C.11, H/A.2]

2. Disciplinary policy and procedures were not comprehensive and do not cover all issues that could fall under disciplinary action. There were workers who are disciplined under stage 3 ("Prolongation of the wage increasing period for no more than 6 months") for reasons that are not clearly mentioned or described in the approved Internal Regulation and disciplinary section of the policy. The worker is not considered a qualified employee for upgrading their wage scale. [ER.1, ER.27]

Local Law or Code Requirement

Labor Code of Vietnam No. 10/2012/QH13, Article 84 & 85. Decree 14/CP, Article 6, Decree 33/2004/NĐ-CP, Article 2; FLA Workplace Code (Compensation C.1, C.10, C.11, Harassment and Abuse HA.2)

Root Causes

1. The factory management has committed to the FLA Workplace Code and Benchmarks, but some management are not yet fully aware of FLA requirements.

2. HR manager is not fully aware of FLA requirement and there is a gap between the compliance department and the HR department.

3. Policies and procedures of disciplinary systems have not been updated and reviewed regularly in order to be in line with the actual practices.

4. Canteen staff were using improper ways to control the cost and the waste of the meals due to the last minute overtime changes.

5. Lack of communication and workers' integration on formulating the policy and procedures.

6. Lack of effective regular internal assessment and management review on the compliance management system in identifying the risk and carrying out corrective action to address the issues.

Recommendations for Immediate Action

1. Factory shall ensure that the practice of deducting a fee for overtime meals is discarded and that this is announced to all workers.

2. Factory shall clearly update the disciplinary policies and procedure and ensure the details of the fault issues and the consequences are listed out on the internal regulation and communicated to workers properly.

FLA's Recommendations for Sustainable Improvements

1. Establish system to regularly review and update the disciplinary system and procedure to ensure that they are in line with current practice, prevailing legislation and FLA code of conduct.

2. Provide regular ongoing training to the HR department and the production management team to ensure that they are aware of the FLA code of conduct and requirements.

3. Effectively communicate with the workers on the policies and procedure and integrate workers' input and feedback into the policies formation.

4. Carry out effective regular internal assessment and management review on the current compliance management system to identify the gaps and implement proper corrective action plan and preventive action to address the gaps and issues raised.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory explained the reason of meal fee deduction to the worker representatives and got understand. The factory will find out the related documents for support.

2. The factory will update its disciplinary policy and procedure.

Planned completion date

08/12/19

Company Action Plan Update

1. Done.

In March 2019 worker meeting, this issue was discussed between factory and worker representatives. As factory book meals based on the OT registration form, if the worker quit at last, he need to pay for the meal. The factory explained the reason to the worker representatives. And worker representatives showed that they understand it. So factory will keep working on it and keep good communication with the workers.

See attached #7434-1 in attached files

2. Done.

The factory has updated its list of issues with potential disciplinary fault already. Afterwards, factory will review and update regularly to ensure it can be fully applied for disciplinary actions.

Please see #7423-8 in attached files.