



FAIR LABOR
ASSOCIATION_®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: SanMar Corporation
COUNTRY: Vietnam
ASSESSMENT DATE: 08/20/19
ASSESSOR: One Step Vietnam
PRODUCTS: Apparel
NUMBER OF WORKERS: 3548

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 | 9 |
| Hours of Work | 4 |
| Employment Relationship | 19 |
| Health, Safety, and Environment | 29 |
| Harassment and Abuse | 3 |
| Freedom of Association | 5 |

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The factory does not apply the contract wage to calculate the overtime payment, annual leave payment, night shift allowance, and other relevant benefits as legally required for more than 200 employees (about 6% of the workforce) during the past 12 months. In practice, factory applies the job title wage that is evaluated by performance evaluation of employees annually, with the job title wage being lower than contract wage. For instance, worker A's contract wage is VND 5,710,000 (USD 247) and job title wage is VND 5,530,000 (USD 239) in 2019. [C.1, C.5, and C.7]

Factory conducted the occupational safety and health (OSH) training for workers on 3 days (22nd, 29th June & 13th July 2019), in four training hours per day per person. The factory paid the hourly rate salary of those four training hours for workers who receive piece rate salary. However, the factory did not accurately or sufficiently pay the four training hours for eight workers of Sewing workshop #6 as legally required. For instance, worker A was paid only VND 109,808 (USD 4.75) (contract wage/26/8*4) instead of VND 114,200 (USD 4.94) (contract wage/25/8*4) as the actual work days in June 2016 was 25 work days. [C.1 and C.5]

3. The factory deducted 1.5% of Health Insurance from worker's wage for one reviewed worker records. The worker was entitled to 17 sick leave days in June 2019 (5th – 25th June 2019). The factory deducted VND 73,980 (USD 3.2) (contract wage * 1.5% of Health Insurance) from worker's payroll of June 2016. However, as legal requirement, workers who take leave due to sickness for at least 14 working days in a month in accordance with regulations of law on social insurance is not required to pay insurance contributions and premiums, but are still eligible to receive benefits from health insurance. [C.10]

According to factory's announcement and agreement between workers and Trade Union, workers are entitled one compensation day-off on 29th April 2019 instead of 15th April 2019 for Hung King's anniversary (public holiday). However, there were three workers in Sewing workshop #1; #2 and #6 who took sick leave on 15th April 2019 and did not receive the sick leave payment (75% of contract wage) as legally required as the factory did not report the date change to the local Social Insurance Department, therefore on record, it was still a holiday. [C.1]

The factory unlawfully deducted from Social, Health & Unemployment Insurance for one worker from February to August 2019: 1) Worker was entitled 15 sick leave days in Feb 2019 (16th – 28th Feb 2019) and factory deducted 1.5% of Health Insurance from worker's wage 2) Worker has been back to work and working since May 2019. Factory deducted 10.5% of mandatory insurance from worker's wage in May, June & July 2019. However, factory did not contribute mandatory insurance for this worker to local Social Insurance Department from

May to July 2019. [C.1 and C.10]

Factory conducted the fire skill training course on three days (6th – 8th August 2019, in which trainings were broken down to eight hours per two days and eight hours per one day) for all members of the fire brigade team. However, the factory did not pay the legal allowance for five members of fire brigade team from Sewing workshop #6 that is equal to 0.5 day's basic salary for training day as legally required. This was due to a miscalculation. [C.1]

Factory does not sufficiently pay the overtime premium rate for workers who work the night shift during holidays in the following months: September 2018, January, February, April and May 2019. For instance: worker A worked from 18:00 on 31st Dec 2018 to 6:00 on 1st Jan 2019, the factory only paid the worker four hours (from 18:00-22:00 with 100%) plus 4 hours (from 22:00-2:00 with 135%) plus 4 hours (from 2:00-6:00 with 225.5%). The worker should have received the following: four hours (from 18:00-22:00 with 100%) plus two hours (from 22:00-24:00 with 135% as factory's policy) plus six hours (from 0:00-6:00 with 390%) as legally required. Factory applies the same wage calculation for all working times during public holidays in the past 12 months. The factory only pays workers at the rate of 360.5% for six hours of night time on public holidays instead of the legal 390%. [C.1 and C.7]

The factory did not sufficiently pay the daily wages for one worker who had a labor accident on 8th April 2019. The worker worked four hours on 8th April 2019 and went to hospital due to labor accident during production at 11:30 on the same day. The factory did pay hourly wage of four hours during absent time due to labor accident, however the factory did not pay the piece rate salary of four hours (before labor accident happened) for this worker that was equal to VND 109,305 (USD 4.73) (total piece rate of month/total working time of month* 4 hours). [C.1]

Factory conducts working condition evaluation in April 2018 and March 2019. Based on the testing results, there are approximately eight to 10 working areas in the Weaving workshop and Pre-production area that has is at a dangerous and harmful noise level that does not reach the hygiene standard. For example, testing result in 2019 showed: 1) Cone Jumbo machine area: Noise (87,7 / 85 dB); 2) Weaving machine area: Noise (103 / 85 dB); and so on. Factory provides in-kind allowance (milk) for all affected workers. However, the in-kind allowance for those affected workers was equal to VND 10,000 (USD 0.43) per person instead of at least VND 15,000 (USD 0.65) per person (including the half of portion of in-kind allowance for workers who had overtime hours from 1 to 3 hours/day during past 12 months). [C.1]

As factory's regular practice, all employees do not scan time-in and time-out system when they work on public holidays (New Year, Lunar New Year, Hung King's anniversary, Independent day, etc.) and for training time. This is a regular practice for the past 12 months. Factory recorded workers attendance time by manual (symbol marked) instead of detailed time-in and time-out for each of the employees. Due to this practice, it cannot be verified the working time, overtime, wage & benefit for employees who work on public holidays and who have participated in the training courses during the past 12 months. [ER.23]

The Security guard service has 37 persons who work at the facility, the service provides attendance and payroll records were available for review during the assessment. However there is no detail time-in or time-out record for each person as per standard requirement, in practice the attendance records are marked by a symbol (manual record). Therefore, the compliance status of wage and benefit, working hours cannot be verified during the time of assessment. [ER.23.2]

Local Law or Code Requirement

Article 4 of Circular 47/2015/TT-BLDTBXH; Article 26 of Decree 05/2015/ND-CP; Article 14 of Circular 27/2015/TT-BLDTBXH; Article 3 of Decree 45/2013/ND-CP; Article 42 of Decision No. 595/QDBHXH, Social Insurance Law No. 58/2014/QH13; Article 35 of Decree 79/2014/ND-CP; Article 2, 3 and Appendix 1 of Circular 23/2013/TT-BLDTBXH and FLA Workplace Code (Compensation Benchmarks C.1, C.5, C.7, C.10)

Recommendations for Immediate Action

1. Ensure that all employees are paid sufficiently and accurately the overtime payment, annual leave payment, night shift allowance and other relevant benefits as legally required. The contract wage should be used for wage and benefit calculation.
2. Ensure the training time should be calculated and paid accurately and sufficiently for all employees.
3. Ensure that employee who takes leave due to sickness for at least 14 working days in a month in accordance with regulations of law on social insurance is not required to pay insurance contributions and premiums but still receives benefits from health insurance.
4. Factory should apply the sick leave for all workers sufficiently and accurately. Ensure to communicate the factory's announcement of compensation day-off and holidays to Social Insurance Department to provide the sick leave payment for workers.
5. Ensure that employees who take leave due to sickness for at least 14 working days in a month in accordance with regulations of law on social insurance is not required to pay insurance contributions and premiums but still receives benefits from health insurance. Factory should contribute Mandatory Insurance for workers accurately and sufficiently as legally required.
6. Ensure that all members of fire brigade team are provided the legal allowance on their training time that is equal to 0.5 day's basic salary per training day as legally required.
7. Ensure to pay a sufficient overtime premium rate for all workers who work during night time during public holidays as legally required.
8. Ensure to pay sufficiently the piece rate salary for workers who are receiving piece rate salary as legally required.
9. Ensure to provide sufficient in-kind allowance for all affected workers who work in a dangerous and harmful environment as legally required.
10. Ensure that all training time and working time in factories should be recorded accurately and show detailed time-in and time-out of each workers as per standard requirement.
11. Ensure that working time in factory (including subcontractors onsite) should be recorded accurately to show detailed time-in and time-out of each persons as per standard requirement.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- ▮ The basic contract wage increased annually and follows the Governmental minimum wage. The job title wage is based on the skill of the workers. As a result, the level of increasing basic contract wage is higher than the job title wage.

Corrective Action

- ▮ Factory will set up the job title wage and basic contract wage to become 1 level of wage by updating the following:
 - ▮ Increase the job title wage;
 - ▮ Decrease the basic contract wage.

Preventive Action

- ▮ Factory will implement the following:
 - ▮ Calculate the wage according to the workers' contract wage and revise the wage policy;
 - ▮ Communicate and conduct training with the workers on the revised wage policy.

2. Root Cause

- ▮ Factory made a mistake by inputting 26 into the EPR software instead of 25.

Corrective Action

- ▮ Factory corrected the error and paid the additional wage to the workers in sewing workshop #6 in August 2019 per the legal requirement.

Preventive Action

- ▮ Factory will ensure the wage system is properly setup to calculate the wage using the actual number of working days for each month. In addition, before exporting the payroll, the wage team leader will re-check all data inputted into the system to ensure the wage calculation is accurate.

3. Root Cause

- ▮ The worker was off duty from June 1st to 30th, 2019 due to the following:
 - ▮ The worker took 11 days of sick leave (June 6th to 7th, 17th to 22nd, and 24th to 26th, 2019);
 - ▮ The worker took 9.5 days of personnel leave without pay (June 8th to 15th, 2019, half-day on June 27th, 2019, and June 28th to 29th, 2019);
 - ▮ The worker took 1.5 days of annual leave (June 5th, 2019 and half-day on June 27th, 2019).
- ▮ The worker was sick and wanted to use the Health Insurance Card so the factory still deducted 1.5% of his/her Health Insurance per the legal requirement.

Corrective Action

- Factory will require the social insurance staff to check the contribution to ensure the premium is deducted correctly.

Preventive Action

- Wage team will monitor the deduction to ensure the social insurance payment is contributed per the legal requirement.

4. Root Cause

- In accordance with the law, April 15th, 2019 was a compensation day off; as a result, the Social Insurance Department did not approve to repay sick leave for that date.

Corrective Action

- Factory will send a changing compensation day-off notice to the Social Insurance Department in order for the department to repay the sick leave. If the department does not accept the change, the factory will repay the sick leave to the workers.

Preventive Action

- Factory always provides an announcement to all of the workers in regards to the holiday off schedule at least 30 days before a holiday. Whenever the factory changes the compensation day-off and holiday, the factory will report this change to the Social Insurance Department at least 2 weeks before to ensure the sick leave payment is provided for the workers.

5. Root Cause

- The first sick leave permit provided by the worker was not in compliance with the law. As a result, the factory recorded a personal leave day on the time keeping system and deducted 1.5% of the worker's Health Insurance per the legal requirement. The worker went to the hospital and asked the doctor to issue the correct sick leave permit. The worker submitted the correct permit to the factory and the factory adjusted the ERP system from a personal leave day to a sick leave day and paid the worker appropriately.

Corrective Action

- After the audit, the worker went to the hospital and asked the doctor to issue the correct sick leave permit. The worker submitted the correct permit to the factory and the factory adjusted the ERP system from a personal leave day to a sick leave day and paid the worker appropriately.

Preventive Action

- Wage staff will verify the sick leave records once they receive them from the workers. If the records are incorrect or insufficient, the wage staff will require the workers to resubmit the records. Once the records are correct or sufficient, the social insurance stall will send them to the Social Insurance Agency accordingly.

6. Root Cause

- The wage staff made a mistake and did not calculate and pay the training allowance of .5 days of the basic salary.

Corrective Action

- Factory paid the training allowance to the workers in August 2019. Once the Fire Executive provides a list of the fire brigade team that attended the fire skill training, the wage staff will verify and calculate the training wage allowance per the legal requirement.

Preventive Action

- Wage team leader will verify before exporting the payroll. In addition, the factory will ask the fire brigade members to verify if the training wage allowance was paid when they receive their payroll slip.

7. Root Cause

- Factory did not pay the workers the correct overtime premium for the holiday.

Corrective Action

- Factory will change the working shift per the following and pay the workers, including the night shift, the correct overtime premium for all holidays per the legal requirement:
 - Night shift: 22:00 - 06:00;
 - Day shift: 06:00 - 14:00;
 - Afternoon shift: 14: 00 - 22:00.

Preventive Action

- The factory will implement the following:
 - Adjust the working shift on the time keeping system;
 - After changing the working shift, the overtime premium rate will be set on the ERP system;
 - Factory will post this working shift change on the notice board and make an announcement to all of the workers.

8. Root Cause

- Factory already paid the correct wage to the worker per the legal requirement; however, the wage staff did not provide evidence to the auditor for verification during the audit.

Corrective Action

- Upon verification, the worker had an accident on April 8th, 2019 and the factory paid the salary for the period of April 8th to 17th, 2019 to the worker on May 25th, 2019.

Preventive Action

- Factory will verify all accident cases to ensure the payment is in accordance with the legal requirement. In addition, the factory will revise the wage policy to include the accident payment. Lastly, the factory will train the wage staff on how to calculate the accident payment properly.

9. Root Cause

- Per Circular No 25/2013/TT-BLDTBXH, weaving workers who work in harmful areas where the workplace noise exceeds 85db

are provided with an in-kind allowance at level 1 (10,000 VND). The factory only paid half of the in-kind allowance for workers who worked 1 to 3 hours of overtime per day.

Corrective Action

- Factory will pay half of the in-kind allowance for workers who worked 1 to 2 overtime hours per day and pay the in-kind allowance for workers who worked 3 to 4 hours of overtime per day.

Preventive Action

- Factory will set up and update the ERP system to provide payment of the in-kind allowance to workers per the legal requirement.

10. Root Cause

- Factory recorded the workers' working hours manually based upon the fact that the ERP system could not recognize the hourly rate and piece rate times of the workers.

Corrective Action

- Factory will adjust the ERP program to record all working hours including holidays and training time.

Preventive Action

- Factory will revise the working hour policy and set up the attendance system to ensure all working hours / days are recorded on the fingerprinting machine. In addition, the factory will post a notice and request the workers to record their attendance on the fingerprinting machine when they work on public holidays or participate in training courses.

11. Root Cause

- The security guard company is a new subcontractor and did not provide accurate records for review.

Corrective Action

- Factory will request the security guard company to maintain monthly attendance records which show detailed time-in and time-out of each guard.

Preventive Action

- Factory will ask the security guard company to submit all attendance and payroll records monthly which show detailed time-in and time-out of each guard to the compliance team for review.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Status is Pending: Due to COVID-19, the factory postponed the meeting to discuss and obtain an agreement from the managers and workers about changes to the working shift, basic salary, and job salary. Factory will conduct the meeting in late August 2020 and implement the new agreement on January 1st, 2021. Due date has been changed to 1/1/2021.
2. Factory reimbursed the wages to the workers for the training and adjusted the wage system to ensure the actual number of working days each month were being calculated. Status Closed
3. Factory deducted the social insurance contribution in accordance with the legal requirement. The worker was not required to pay the insurance contribution if more than 14 sick leave days were taken. Status Closed
4. Factory reported the notice to the social insurance department and the social insurance department repaid the sick leave to the workers. Status Closed
5. Factory repaid the wage to the worker. Status Closed
6. Factory reimbursed the training wage allowance to the workers. Status Closed
7. Status is Pending: Due to COVID-19, the factory postponed the meeting to discuss and obtain an agreement from the managers and workers about changes to the working shift, basic salary, and job salary. Factory will conduct the meeting in late August 2020 and implement the new agreement on January 1st, 2021. Due date has been changed to 1/1/2021.
8. Factory reimbursed the accident wage to the worker. In addition, the factory revised the wage policy to include the accident payment and provided training to the wage staff. A training record was maintained. Status Closed
9. Factory set up the system to calculate and provide the correct in-kind allowance to the workers. Status Closed
10. Factory updated the working hour policy. Per time records, the workers recorded their IN/OUT times when they worked on holidays (e.g. 9/2/2019, 1/25/2020). Status Closed

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The factory has one service provider who provides the boiler service to the factory (provides steam from the boiler system to the factory). This service provider has 16 staff who operate four boilers in-house in the factory. These staff are in scope of the assessment. However, the time records are kept by the service provider and they provided the time records too late for review (10:32 am on the third day of the assessment). Thus, the salary and working hour information could not be verified. [HOW.1, C.1]
2. The time records from August 2018 to July 2019 noted that 50% of the workforce had averaged 60.5 working hours per week with a maximum of 84 hours per week (including regular + overtime + Sunday working) during the past 12 month. This exceeded the FLA Benchmarks on overtime which only permits 60 hours per week (including regular work hours plus overtime). [HOW.1. HOW.8]
3. The time records from August 2018 to July 2019 noted that 60% of the workforce had averaged 30.5 overtime working hours with a maximum of 141 hours per month during the past 12 months. This exceeded the legal requirement on overtime which only permits 30 overtime hours per month. [HOW.1, HOW.8]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.8; Compensation Benchmarks C.1)

Recommendations for Immediate Action

1. Provide sufficient records to verify salary and working hour information for all workers under scope.
2. The weekly hours (regular work hours plus overtime) should be kept within 60 hours as FLA Benchmarks requirement.
3. The monthly and yearly overtime hours should be kept within 30 hours as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- Boiler company did not agree to provide their attendance and payroll records to the factory during the date of audit. Factory further communicated to the service provider and then submitted the records on the third day of the audit.

Corrective Action

- Factory discussed this issue with the service provider. The service provider agreed to submit the necessary records immediately when the factory request them.

Preventive Action

- Factory will add a clause into the contract to request the submission of attendance and payroll records every month when the

renewal contract is signed with the service providers.

2. Root Cause

- | The following were reasons for the excessive working hours:
 - | Over the capacity;
 - | Urgent delivery time;
 - | Late materials;
 - | Quality Problems;
 - | Dyeing workers did not agree to change their current working shift from 12 hours per shift to 8 hours per shift because their income would be greatly reduced.

Corrective Action

- | The factory will propose the following:
 - | Factory will monitor the overtime hours on the ERP system. When workers' overtime hours are about to reach the limit, the system is alerted. After the system is alerted, the factory managers will control the overtime work to ensure it does not exceed 12 hours per week;
 - | Factory will persuade workers to change into 3 shifts per day or work 5 days per week in order to control the overtime hours per the legal requirement.

Preventive Action

- | Factory will plan to:
 - | Move the orders to the factory's sister factories;
 - | Balance the production schedule;
 - | Control quality at each stage to limit quality problems.

3. Root Cause

- | The following were reasons for the excessive working hours:
 - | Over the capacity;
 - | Urgent delivery time;
 - | Late materials;
 - | Quality Problems;
 - | Dyeing workers did not agree to change their current working shift from 12 hours per shift to 8 hours per shift because their income would greatly be reduced.

Corrective Action

- | The factory will propose the following:
 - | Factory will monitor the overtime hours on the ERP system. When workers' overtime hours are about to reach the limit, the system is alerted. After the system is alerted, the factory managers will control the overtime work to ensure it does not exceed 30 hours per month;
 - | Factory will persuade workers to change into 3 shifts per day or work 5 days per week in order to control the overtime hours per the legal requirement.

Preventive Action

Factory will plan to:

- Move the orders to the factory's sister factories;
- Balance the production schedule;
- Control quality at each stage to limit quality problems.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory requested the boiler service provider to provide the attendance record and payroll record monthly. Status Closed

2. Status is Pending: Based on the working hour records from January to July 2020, the maximum weekly working hours were 60.1 hours in May (Factory 1), 60.2 hours in January (Factory 2), 67.1 hours in March (Factory 3), 62.6 hours in July (Factory 5) and 63.5 hours in May (Factory 6) which still exceeded the requirement. Ongoing monitoring required.

3. Status is Pending: Based on the working hour records from January to July 2020, the maximum monthly overtime hours were 37 hours (January), 51 hours (February), 60 hours (March), 41 hours (April), 46 hours (May), 56 hours (June), and 51 hours (July) which still exceeded the requirement. Ongoing monitoring required.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Metal gloves of at least two workers were broken at the cutting section of sewing workshop 1 and 5 (building A1). [HSE.7 and HSE.8]

Local Law or Code Requirement

Circular No. 04/2014/TT-BLDTBXH, Article 5 and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.7 and HSE.8)

Recommendations for Immediate Action

- The factory should ensure PPE to be in good condition.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause

- ▮ The metal gloves were broken and damaged after a long time of use.

Corrective Action

- ▮ Factory will check all metal gloves on a monthly basis and replace them when broken or damaged.

Preventive Action

- ▮ Safety Executive will carry out internal audit checks on all metal gloves.

Planned completion date

11/20/19

Company Action Plan Update

Verification

- ▮ Factory replaced the damaged metal gloves and conducted an internal monthly audit. An internal audit report was maintained. Status Closed

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Two out of three fire-fighting pumping machines near workshop B2 (jockey and diesel) were turned off, therefore the water supply for the fire hydrant system and sprinkler system is not guaranteed in the case of fire. HSE.6 2. There is no visual alarm in the weaving area in building B2. This working space is noisy and workers have to wear ear protection during working times. Note: the automatic fire alarm at this building is available and functional. HSE.5 3. At least ten exit aisles are obstructed in the parking area and cutting section in building B2. HSE.5 4. Four exit aisles are faded in the cutting workshop in building A2. The exit direction signs of are faded in the aisles in the material warehouse in building B3. HSE.5 5. There is no exit sign posted at one out of four exit doors at the research and development workshop in building A2. Additionally, an exit sign at another exit door in the area is not illuminated. HSE.6 6. There is no instructions posted for two fire extinguishers in the hazardous waste storage. HSE.6 7. The factory does not have the fire safety acceptance document for building B2 and B7. Note: The factory sent the requirement letter to local fire department and fire department confirmed that the factory would get the fire safety acceptance on August 27, 2019. HSE.4

Local Law or Code Requirement

Vietnam standard TCVN 3890:2009, Article 6, Article 8; Vietnam building code No. QCVN 06:2010/BXD, Art. 3; Vietnam standard TCVN 2622:1995, Article7; Circular No. 66/2014/TT-BCA, Article 8; and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.4, HSE.5, HSE.6)

Recommendations for Immediate Action

1. The factory should ensure fire-fighting pumping machines are functional. 2. The factory should install visual alarms in places where it is noisy and workers have to wear ear protection during work. 3. Ensure that all exit aisles and evacuation routes are free and clear at all

time. 4. Ensure that all exit aisles and evacuation routes are clearly marked with line and direction signs. 5. The factory should install exit sign exit doors/staircases and ensure exit signs are illuminated. 6. Ensure to provide sufficient operational instructions for all types of fire extinguisher. 7. The factory should obtain the fire safety acceptance documents for all buildings.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- ┆ Maintenance staff forgot to turn on "Auto Mode" after checking and maintaining these fire-fighting pumping machines.

Corrective Action

- ┆ All pumping machines were turned on "Auto Mode" after completing periodical maintenance. Factory posted a warning sign near the pumping machines for a reminder.

Preventive Action

- ┆ Factory posted a warning sign near the pumping machines for a reminder. Safety staff at each unit will check the pumping machines daily and test weekly to ensure the machines are functioning properly.

2. Root Cause

- ┆ Factory did not install the visual fire alarm as the area was under repair.

Corrective Action

- ┆ Factory installed the visual fire alarm and the local fire police checked the building and issued the acceptance report on November 7th, 2019.

Preventive Action

- ┆ Factory will check all areas with a noisy working environment and install visual alarms if necessary. Safety staff will carry out a monthly internal audit to check this issue.

3. Root Cause

- ┆ The exit aisles are obstructed in the parking area at times due to the fact that there is not enough space for parking. In addition, the cutting workers unintentionally placed cutting panels in the exit aisles.

Corrective Action

- ▮ Factory rearranged the parking area layout and repainted to define the parking spaces more clearly. Cutting Team Leader checks exit aisles several times a day to ensure they are free of obstruction.

Preventive Action

- ▮ Safety Executive will perform a monthly internal audit to check the issue. Factory will provide an annual Health and Safety training to the workers.

4. Root Cause

- ▮ These aisle markings were faded after a long time of use.

Corrective Action

- ▮ Factory repainted the exit aisle markings and exit direction signs.

Preventive Action

- ▮ Safety Executive will perform a monthly internal audit to check the issue.

5. Root Cause

- ▮ The exit signs posted in the mentioned areas were broken.

Corrective Action

- ▮ Factory installed illuminated exit signs in the mentioned areas and they were functioning properly.

Preventive Action

- ▮ Safety Executive will perform a monthly internal audit to check the issue.

6. Root Cause

- ▮ The instructions fell down and were lost due to a long time of use.

Corrective Action

- ▮ Factory placed the instructions on the wall near the fire extinguishers.

Preventive Action

- ▮ Safety Executive will perform a monthly internal audit to check the issue.

7. Root Cause

- ▮ Buildings B2 and B7 were under repair. Factory sent the requirement letter to the local fire department and the fire department confirmed that the factory would get the fire safety acceptance. Factory was waiting to receive the documents.

Corrective Action

- ▮ Local fire department checked the buildings on October 3rd, 2019 and issued the fire safety acceptance on November 7th, 2019.

Preventive Action

- ▮ Factory will submit the necessary documentation to the fire department for approval when any buildings are rebuilt or redesigned.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory posted a notice on the pumping machine and turned on "Auto Mode". Factory conducted daily checks and maintained check records. Status Closed

2. Factory installed visual fire alarms in noisy workplaces and conducted a monthly internal audit. Internal audit report was maintained. Status Closed

3. Factory removed the obstructed materials from the parking area and cutting section. No other obstruction was observed. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

4. Factory repainted the exit aisle markings and exit direction signs. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

5. Factory installed and replaced the illuminated exit signs in the mentioned areas. Factory conducted a monthly internal audit

and maintained an internal audit report. Status Closed

6. Factory posted the operating instructions for the fire extinguishers. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

7. Factory obtained the fire safety acceptance documents for Buildings B2 and B7. Status Closed

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

One out of four tested eyewash stations in building A1 is mal-functional due to low pressure. [HSE.19]

At least four chemical containers are not equipped with secondary containment in the flammable chemical storage area. [HSE.9]

There is no Material Safety Data Sheet (MSDS) for a chemical (RP7) in the mechanic room in Sewing Workshop 5 (building A1), and missing MSDS for acetone in the chemical warehouse, near workshop B7 and B8. [HSE.10]

The label of two containers (cans) of chemicals (pulimark 2) does not mention chemical content or its main hazards in the spot cleaning area (located outside the sewing workshop No. 3, building A1). [HSE.10]

Local Law or Code Requirement

Vietnam labor code, Article 138; Law No. 06/2007/QH12 on Chemicals (2007), Art. 29 ; and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.10, HSE.19)

Recommendations for Immediate Action

1. Ensure all eyewash stations are fully functional.
2. Ensure chemicals are stored with secondary containment.
3. The factory should ensure MSDS is posted where chemicals are used and stored.
4. The factory should ensure chemical containers are labeled with chemical content and main hazard warnings.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- ▮ The water pipe was broken.

Corrective Action

- ▮ Factory repaired the water pipe that supplied water to the eyewash station.

Preventive Action

- ▮ Safety Executive will perform a monthly internal audit to check the issue.

2. Root Cause

- ▮ Secondary containment was not provided based upon the fact that the floor in the flammable chemical storage area was broken.

Corrective Action

- ▮ Factory repaired the floor in the flammable chemical storage area and provided secondary containment for the chemical containers.

Preventive Action

- ▮ Safety Executive will perform a monthly internal audit to check the issue.

3. Root Cause

- ▮ The MSDS fell down and were lost due to a long time of use.

Corrective Action

- ▮ Factory hung the MSDS near the chemical usage area so they would not get lost.

Preventive Action

- ▮ Safety Executive will perform a monthly internal audit to check the issue.

4. Root Cause

- ▮ The chemical containers were equipped with a label; however, the label was only provided in English.

Corrective Action

- ▮ Factory provided Vietnamese labels on the chemical containers.

Preventive Action

- Safety Executive will perform a monthly internal audit to check the issue.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory replaced the water pipe and the eyewash station was functioning with the proper pressure. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

2. Factory provided secondary containment for the chemical containers. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

3. Factory provided MSDS in the local language for the chemicals. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

4. Factory provided Vietnamese labels on the chemical containers. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. At least three moving stairs do not have locking mechanism in the material warehouse and cutting workshop (second floor of building A2). [HSE.7]
2. Loading capacity is not posted at shelves in the material warehouse (building B3) to ensure material and goods do not exceed storage ability. [HSE.4]

Local Law or Code Requirement

Vietnam labor code, Article 138 and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.4, HSE.7)

Recommendations for Immediate Action

1. Ensure all moving stairs have locking mechanisms.

2. The factory should ensure that the load capacity is posted so that goods will not be stored exceeding the capacity of shelves or racks.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- ┆ A locking mechanism was not equipped when the moving stairs were made.

Corrective Action

- ┆ Factory replaced the wheels of the moving stairs with wheels that were equipped with locking mechanisms.

Preventive Action

- ┆ Safety Executive will perform a monthly internal audit to check the issue.

2. Root Cause

- ┆ Factory posted the loading capacity on the walls, but not on the shelves.

Corrective Action

- ┆ Factory posted the loading capacity on the shelves to ensure the loaded materials and goods did not exceed the storage capacity.

Preventive Action

- ┆ Material warehouse keeper will visually inspect the shelves to ensure the loading capacity meets the requirements. Safety Executive will perform a monthly internal audit to check the issue.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory added wheels with locking mechanisms to the moving stairs. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

2. Factory posted the loading capacity on the shelves. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory does not provide specific training to the relevant supervisors that includes all FLA's Code elements and Employment Functions. [ER.7]
2. The factory does not provide the orientation training to new workers that covers all FLA's Code elements and Employment Functions. [ER.15]
3. The factory does not provide ongoing training to workers on all FLA's Code elements and Employment Functions. [ER.15]
4. The factory does not provide regular communication to workers on all FLA's Code elements and Employment Functions. [ER.16]
5. The recruitment procedure mentions that probationary workers will be appraised by using an appraisal form. However, the factory does not conduct this appraisal as per the procedures. [ER.29]
6. The recruitment procedure mentions that workers will be appraised after completing their definite contract by using an appraisal form to decide whether the worker can sign the next labor contract or not. However, the factory does not conduct this appraisal as per the procedure. [ER.29]
7. The factory does have written policies and procedures on personnel development and skills development. However, the production workers do not receive any ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers as per applicable standards. [ER.29]
8. The factory management claim that they conduct performance reviews for all workers. However, there was no document provided for review for production workers. [ER.29]
9. The factory does not have procedure to promote workers in a fair and transparent way, based on their job performance. [ER.30]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.7, ER.15, ER.16, ER.29, ER.30)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- ┆ Factory was not aware of the FLA's Code Elements or Employment Functions.

Corrective Action

- ┆ Factory will prepare training materials and conduct FLA's Code Elements and Employment Functions training with all supervisors.

Preventive Action

- ┆ Factory will establish a training plan for the supervisors and conduct annual training.

2. Root Cause

- ┆ Factory was not aware of the FLA's Code Elements or Employment Functions.

Corrective Action

- ┆ Factory will prepare training materials and conduct FLA's Code Elements and Employment Functions training with all new workers.

Preventive Action

- ┆ Factory will establish a training plan for the new workers and conduct annual training.

3. Root Cause

- ┆ Factory was not aware of the FLA's Code Elements or Employment Functions.

Corrective Action

- ┆ Factory will prepare training materials and conduct FLA's Code Elements and Employment Functions training with all workers.

Preventive Action

- ┆ Factory will establish a training plan for the existing workers and conduct annual training.

4. Root Cause

- ┆ Factory was not aware of the FLA's Code Elements or Employment Functions.

Corrective Action

- ┆ Factory will prepare training materials and conduct FLA's Code Elements and Employment Functions training with all workers.

Preventive Action

- ┆ Factory will establish a training plan for all workers and conduct annual training.

5. Root Cause

- ┆ Factory appraised the workers directly after probation without using an appraisal form due to the large quantity of workers.

Corrective Action

- Factory developed a documented score record for the appraisal of the probationary workers. Based on the scoring system and if acceptable, the factory will sign a contract with the workers. Factory will revise the recruitment procedure flow.

Preventive Action

- HR staff will check the score record before signing a contract with the workers and will maintain the record for 2 years. Factory will revise the recruitment procedures flow with the appraisal and signing of a contract.

6. Root Cause

- Factory only maintained a list of workers who either qualified or did not qualify and did not implement the appraisals per the procedure due to a large quantity of workers.

Corrective Action

- Factory will implement an appraisal form to appraise the workers after completing their definite contract. Factory will maintain records.

Preventive Action

- HR staff will check the appraisal form before signing the next contract and will maintain a copy of the appraisal form in the worker's personal file.

7. Root Cause

- Factory maintained training records; however, the person in charge of keeping the training records was completing another urgent assignment during the audit. As a result, the records were not provided for review.

Corrective Action

- Factory organized annual skill upgrade training for all of the workers. The training will consist of written documents and a practice test to enhance the skills & workmanship of the workers. Workers who do well on the test will be upgraded to a higher level.

Preventive Action

- Factory will maintain the training and test records for each unit and will provide them for review during the audit.

8. Root Cause

- Factory did not maintain performance review records due to the large quantity of workers.

Corrective Action

- Factory will conduct performance reviews for all workers annually and inform the workers about the results of the reviews. A bonus will be provided pending the results of the performance review.

Preventive Action

- Factory will maintain the performance review results in the ERP system which can be generated for review during the audit.

9. Root Cause

- Factory was not aware of the requirement to have a procedure to promote workers in a fair and transparent way.

Corrective Action

- Factory will conduct an annual skill upgrade test which will include theory and practical tests. Workers will be promoted and upgraded if they pass the skill test.

Preventive Action

- Factory will maintain the skill test records and results for each unit and will provide them for review during the audit.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory translated FLA's Codes and Benchmarks to Vietnamese and conducted the FLA Code and Employment Functions training with the supervisors and manager on May 20, 2020. Training record was maintained. Status Closed

2. Factory translated FLA's Codes and Benchmarks to Vietnamese and conducted the FLA Code and Employment Functions training with the new workers on the first day of employment. Training record was maintained. Status Closed

3. Factory translated FLA's Codes and Benchmarks to Vietnamese and conducted the FLA Code and Employment Functions training with existing workers on May 20, 2020. Training record was maintained. Status Closed

4. Factory translated FLA's Codes and Benchmarks to Vietnamese and conducted the annual FLA Code and Employment Functions training with all of the employees on May 20, 2020. Training record was maintained. Status Closed

5. Factory revised the recruitment procedure flow chart and carried out the appraisal for the probationary workers. Appraisal record was maintained. Status Closed

6. Factory implemented an appraisal procedure and maintained an appraisal form to evaluate the extension of labor contracts. Status Closed

7. Factory provided the skill upgrade training to the workers and conducted the theory and practical test. Status Closed

8. Factory maintained the performance review results in the internal ERP system. Status Closed

9. Factory had a procedure to carry out the theory and practice tests for promoting the workers based on their job performance. Status Closed

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. The factory does not have policies and procedures for demotions and job re-assignments. [ER.30]
2. The factory does not have the retrenchment policy and procedure. [ER.32]
3. The factory does not have retrenchment procedure that mentions to develop and communicate to the workers a plan that mitigates the adverse effects of layoffs. [ER.32]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.30, ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- Factory had procedures for job demotions and re-assignments before 2006; however, the factory did not implement these procedures after the Korean Manager joined in 2009.

Corrective Action

- Factory will revise and update procedures for job demotions and re-assignments.

Preventive Action

- Factory will implement the procedures once they are revised and will conduct training with all of the workers in regards to these procedures.

2. Root Cause

- Factory has not yet established a retrenchment policy and procedure.

Corrective Action

- Factory will establish a written retrenchment policy and procedure.

Preventive Action

- Once a retrenchment policy and procedure is established and implemented, the factory will conduct training with all of the workers in regards to this policy and procedure.

3. Root Cause

- Factory has not yet established a retrenchment policy and procedure.

Corrective Action

- Factory will establish a written retrenchment policy and procedure.

Preventive Action

- Once a retrenchment policy and procedure is established and implemented, the factory will conduct training with all of the workers in regards to this policy and procedure.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory established and updated the written policy and procedure for appointment, job reassignment, demotion, and dismissal. Status Closed

2. Factory established a written retrenchment policy and procedure. Status Closed

3. Factory established a written retrenchment procedure which included the development of a plan to communicate the adverse effects of layoffs with the trade union and workers. Status Closed

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory does not provide a valid copy of the Collective Bargaining Agreement available to all workers. The CBA is posted on bulletin boards [FOA.1]
2. It was noted that the factory has a Trade Union with 17 members in the Trade Union Committee. However, there is no proof provided to prove that these members are freely elected by the workers. It was noted that almost all of the members have a management level title. [FOA.2, FOA.11]

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.1, FOA.2, FOA.11)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- Factory did not provide a CBA to each worker due to the large quantity of workers.

Corrective Action

- Factory will post the CBA on the notice board where it can be accessible for the workers' acknowledgement. The factory will periodically make an announcement through the loud speaker system to all of the workers on the CBA.

Preventive Action

- Factory will develop a Wovo application (Worker's Voice) app. All of the workers can download and use the app on their smartphones. Factory will use this app to solve complaints, address suggestions, and opinions from the workers. In addition,

the app can be used to post company rules, information about the CBA, etc.

2. Root Cause

- ▮ The procedure of voting and choosing members of the Trade Union Committee is followed per the Vietnam Trade Union Law. All members of the trade union committee are chosen and agreed upon step by step. Factory is introduced in the meeting of the trade union with each department and all trade union members will choose a qualified person to attend the upper trade union meeting. In the last meeting, the factory chose members for the Trade Union Committee of Company (e.g. all members of the Trade Union were chosen from workers because 100% of the workers are trade union members). Factory sent the department trade union meeting by email only and did collect the meeting minutes from each trade union department. As a result, meeting minutes were not provided for review during the audit.

Corrective Action

- ▮ Factory collected all of the meeting minutes from each trade union department which included the introduction and selection of members to join the trade union committee of company. All of the trade union meeting minutes for each department showed that all members of the Trade Union committee were freely elected by the workers.

Preventive Action

- ▮ Factory will organize the election of members for the Trade Union Committee per the legal requirement. Trade union members will be voted on step by step from the workshop level, to the field level, and company level which will demonstrate that the members are chosen by the workers.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory no longer developed or used the Wovo app. Instead, the factory uploaded the Corrective Bargaining Agreement to the company website. All workers have access to the website to obtain company information any time of the day. Status Closed

2. Factory escalated the trade union election from the workshop level, to the field level, and then to the company level. As a result, the trade union members were selected by the workers and trade union election records were maintained. Status Closed

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Disciplinary action documents are not maintained in the worker's personnel files. [ER.27]
2. The factory conducts the disciplinary action as a written warning. However, the factory has not followed the legal procedure to conduct the disciplinary action, such as lacking the attendance of employer's representative, Trade Union's representative, and organizing a meeting to conclude the disciplinary action as legally required. [ER.27]

3. The factory conducts body searches as a common practice instead of when there is a legitimate reason to do so and upon consent of workers. [H/A.10]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.27 and Harassment or Abuse Benchmarks H/A.10)

Recommendations for Immediate Action

1. Cease conducting body searches as a common practice. Body searches should only be conducted when there is legitimate reason to do so and with the consent of workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- ▮ Factory provided a copy of the disciplinary record to the workers; however, the factory did not maintain a copy in the workers' personnel files.

Corrective Action

- ▮ Factory will make a copy of the disciplinary records and maintain them in the workers' personnel files.

Preventive Action

- ▮ Factory will revise the disciplinary policy to mention disciplinary record to be included in worker's personal file;
- ▮ Worker's personnel files keeper will copy all disciplinary records and put into workers' personnel files monthly.

2. Root Cause

- ▮ Factory did not organize a disciplinary meeting for each case due to the large quantity of workers; however, the factory received the opinions of the employer's representative and Trade Union's representative via email in order to issue the disciplinary form to the worker.

Corrective Action

- ▮ Factory will organize a disciplinary meeting for all of the violation cases per the legal requirement.

Preventive Action

- ▮ Factory will revise the disciplinary policy to include the required personnel be in attendance during the disciplinary action. The disciplinary record will be signed by all required personnel to confirm the disciplinary action.

3. Root Cause

- Factory conducted body searches at the end of the workers' shifts to ensure the security of the goods.

Corrective Action

- Factory cancelled the body search practice on December 1st, 2019 and made an announcement to all of the managers to implement the change.

Preventive Action

- Factory sent the cancellation of the body search practice announcement to all of the managers to implement the change;
- Factory assigned an additional security staff member to patrol sensitive areas to ensure the security of the goods and removed the body search task from the security guard's duties.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory maintained the disciplinary action document in the workers' personnel files and revised the disciplinary policy. Status Closed
2. Factory followed the legal procedure when conducting the disciplinary action and revised the disciplinary policy. Factory organized a meeting and the responsible representatives attended the meeting to conclude the disciplinary action. Status Closed
3. Factory cancelled the body search practice. An email was issued to all of the managers for implementation. Status Closed

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The fire-fighting plan (developed in 2015) is not updated to match with the actual layout: 1) Building B2, which use to be the cotton warehouse and finished goods warehouse has been changed into the parking area and finished goods warehouse. 2) Building B7, which used to be the gluing area has been changed into the fabric warehouse. [HSE.5]
2. There are no inspection tags for at least two fire extinguishers in the material warehouse (second floor of (building A2). [HSE.6]

Local Law or Code Requirement

Decree 79/2014/ND-CP, Article 21; Vietnam Standard TCVN 7435 - 2:2004, Article 4 and Circular No. 52/2014/TT-BCA, Article 15 and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.5, HSE.6)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- Factory asked the local Fire Police Department to update the fire-fighting plan; however, the plan was not updated as of the audit date.

Corrective Action

- Factory requested the local Fire Police Department to update the fire-fighting plan for buildings B2 and B7, but were still awaiting a response.

Preventive Action

- Factory will keep checking with the local Fire Police Department to issue the updated plan.

2. Root Cause

- Factory overlooked these two fire extinguishers when conducting the inspections.

Corrective Action

- Factory carried out the inspections and added the monthly inspection tags to the fire extinguishers.

Preventive Action

- Safety Executive will perform a monthly internal audit to check the issue.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory received the updated fire-fighting plan for buildings B2 and B7 that included the new function and layout of the buildings. Status Closed

2. Factory posted the monthly inspection tags near the fire extinguishers. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not provide a chair with back rest for employees who have to sit during their working time (e.g. sewing workers).

Note: Factory provides chairs with back support for pregnant employees. [HSE.1, HSE.17]

Local Law or Code Requirement

Vietnam labor code, Article 138 and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Root Cause

- Factory did not provide chairs with back support to all of the workers due to the large quantity of workers.

Corrective Action

- Factory can provide chairs with back support to the pregnant workers. Currently, 70 chairs with back support are available in the factory.

Preventive Action

- Factory will consider providing chairs with back support to all of the remaining workers when the factory has enough resources.

Planned completion date

11/20/19

Company Action Plan Update

Verification

Status is Pending - Currently, 70 chairs with back support were provided for the pregnant workers. Due date has been changed to 12/31/2020

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Examination for occupational diseases is not conducted every six months. The latest examination was on October 16, 2018. In addition, the examination does not include gynecology checks for female workers as required by law. [HSE.1]
2. The factory conducted the Working Condition Evaluation in May 2019. However, the evaluation did not include the ergonomic indicator for heavy and hazardous jobs, as legally required. [HSE.1]
3. The food samples were not kept for at least 72 hours as per standard requirement, they were kept for 24 hours instead. Although factory's practice is aligned with local legal requirement, it is not aligned with FLA's standards. In addition, as reported by the person in charge of the canteen, food is stored at five degrees celsius instead of four degrees celsius, the applicable international standards. [HSE.22]

Local Law or Code Requirement

Circular 28/2016/TT-BYT, Article 7 and 9; Decree No. 44/2016/ND-CP, Article 35; and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.22)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- ┆ Factory was not able to conduct the occupational disease examinations due to a lack of resources.

Corrective Action

- ┆ Factory will plan to conduct the occupational disease examinations every six months which will also include gynecology checks for the female workers.

Preventive Action

- ┆ Factory will schedule the occupational disease examinations in June and December 2020. All examination results will be maintained in the workers' personnel files.

2. Root Cause

- ┆ Factory did not receive local guidelines from the government in regards to the Working Condition Evaluation.

Corrective Action

- ┆ Factory will work with the authorized measurement agency to include the ergonomic indicator for heavy and hazardous jobs in the Working Condition Evaluation.

Preventive Action

- Factory will schedule and conduct the Working Condition Evaluation in June 2020 and carry out the evaluation on an annual basis.

3. Root Cause

- Factory kept the food samples for only 24 hours per the requirement from the local law.

Corrective Action

- Factory strictly followed the local Law (QD 1246-QĐBYT 2017) which states to keep food samples for only 24 hours and store in a temperate of five degrees Celsius.

Preventive Action

- Factory is unable to follow the FLA standard as they must follow the legal requirement.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Status is Pending - Next occupational disease examinations will be carried out in November 2020.
2. Factory conducted the Working Condition Evaluation in July 2020 which included the legally required ergonomic indicators. Evaluation report was maintained. Status Closed
3. Status is Pending - Factory explained that they must be in compliance with the local law by keeping the food samples for only 24 hours and storing them in a temperate of five degrees Celsius. Factory insisted they must follow this current practice.

FINDING NO.14

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The regulations of the safety-hygiene network mentions that the safety-hygiene network conducts meetings on a monthly basis. However, the factory could not provide the meeting minutes. Worker interviews confirm that the meetings take place. [HSE.1]
2. Traffic lane and walk paths are not marked in the shipping area, near the second gate. [HSE.1]
3. It was noted that one hole is not covered in the parking area (A0 building). [HSE.1]

Local Law or Code Requirement

Law no. 84/2015/QH13, Article 74; Vietnam labor code, Article 138 ; and FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- Factory held the safety-hygiene network meeting and trade union meeting together; however, meeting minutes were not maintained.

Corrective Action

- Factory will record the minutes / content of the safety-hygiene network and trade union meetings.

Preventive Action

- Factory will assign a staff member to write down the meeting minutes and maintain a monthly record.

2. Root Cause

- Factory was not aware of this requirement and no other auditor had pointed this request out to the factory. Furthermore, this was the first request from the FLA as no one had requested it before. Factory only marks the container parking area for shipping based upon the fact that the internal walk-way is small. Factory can't separate the lines for vehicles as they are for walking.

Corrective Action

- The internal paths are narrow and the factory cannot separate the traffic lanes and the walk paths. Factory repainted the container parking area for only shipping, but put up a line fence around the container.

Preventive Action

- Factory repainted the container parking area and regulated the speed of vehicles in the internal traffic lanes to 15 -20 km/h.

3. Root Cause

- The electric staff forgot to cover the pump after fixing it.

Corrective Action

- Factory purchased a new barrier to cover the hole.

Preventive Action

- Safety Executive will perform a monthly internal audit to check the issue.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory conducted the safety-hygiene network meeting. Factory recorded and maintained the meeting minutes. Status Closed
2. Factory marked the container parking area and put up a fence around the area to distinguish it from the walk paths. Status Closed
3. Factory replaced and covered the hole with a new cover. Factory conducted a monthly internal audit and maintained an internal audit report. Status Closed

FINDING NO.15

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory does not have guidance documents for external contractors/service providers concerning health and safety. [ER.31]
2. The factory has not developed a written procedure to maintain steps on how to ensure the safety evacuation for visitors, contractors, or service providers during emergency situations. [ER.31]
3. The factory has not developed a written procedure to maintain steps on how to ensure safety evacuation for all special categories of workers during emergency situations. [ER.31]
4. The factory has not conducted an asbestos exposure assessment and has not developed any steps. [ER.31]
5. The factory does not have procedures for reporting health and safety incidents and environmental emergencies. [HSE.3]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.31; Health, Safety & Environment Benchmarks HSE.3)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Root Cause

- ▮ Factory had a commitment from external contractors and service providers to ensure safe conditions when working in the facility only.

Corrective Action

- ▮ Factory composed guidance documents for external contractors and service providers concerning health and safety.

Preventive Action

- ▮ Factory conducted training with external contractors and service providers when they were working in facility and requested them to sign the guideline records.

2. Root Cause

- ▮ Factory established a safety evacuation procedure for emergency situations for all of the workers; however, a procedure was not established for visitors, contractors, or service providers.

Corrective Action

- ▮ Factory will revise the safety evacuation procedure for emergency situations to include visitors, contractors, and service providers.

Preventive Action

- ▮ Once the procedure is revised, the factory will conduct training with visitors, contractors, and service providers when they work in the facility.

3. Root Cause

- ▮ Factory established a safety evacuation procedure for emergency situations, but it did not cover all special categories of workers.

Corrective Action

- ▮ Factory will revise the safety evacuation procedure for emergency situations to cover all workers including all of the special categories of workers.

Preventive Action

- ▮ Once the procedure is revised, the factory will conduct annual training with all of the workers.

4. Root Cause

- Factory did not use any substances containing asbestos. As a results, the factory did not conduct an asbestos exposure assessment.

Corrective Action

- Factory will establish a procedure to ban the use of asbestos (if any) in the facility and conduct an asbestos exposure assessment.

Preventive Action

- Environment department will conduct an internal audit to check if asbestos are used and maintain a check record.

5. Root Cause

- Factory established a procedure for reporting security issues and emergency problems; however, the procedure did not cover reporting health and safety incidents or environmental risks which may cause incidents.

Corrective Action

- Factory established procedures for reporting health and safety incidents and environmental risks which may cause incidents.

Preventive Action

- Factory will conduct annual training with all of the workers.

Planned completion date

11/20/19

Company Action Plan Update

Verification

1. Factory established health and safety guidance documents for external contractors and service providers and conducted training with them. Training documents and training records were maintained. Status Closed

2. Factory established a written evacuation procedure for their customers, partners, suppliers, subcontractors, pregnant and disabled workers. Status Closed

3. Factory established a written evacuation procedure for their customers, partners, suppliers, subcontractors, pregnant and disabled workers. Status Closed

4. Factory established a written regulation for prohibiting asbestos and carried out an asbestos inspection in March 2020. An inspection record was maintained. Status Closed

5. Factory established a written procedure for the risk identification and assessment which included steps for reporting health and safety incidents and environmental emergencies. Status Closed