

# INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Tommy Bahama Group

COUNTRY: Vietnam ASSESSMENT DATE: 09/12/19

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Apparel

NUMBER OF WORKERS: 1620

# 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	1
Hours of Work	9
Employment Relationship	20
Health, Safety, and Environment	25
Nondiscrimination	3
Freedom of Association	6

# Findings and Action Plans

FINDING NO.1

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Policies & Procedures (Macro)

## **Finding Explanation**

- 1. The factory does not have written policies or procedures on Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Environmental protection. [ER.1, ER.19, ER.28, ER.29, ER.30, ER.31, ER.32]
- 2. There are no job descriptions for all positions within the factory. [ER.1]
- 3. The factory adjusts the salary once a year to upgrade the salary level for employees at A, B or C level. However, there are no policies or procedures on salary adjustment, including requirements and steps of salary adjustment. [ER.1, ER.30]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks, ER.1, ER.2, ER.19, ER.28, ER.29, ER.30, ER.31, ER.32)

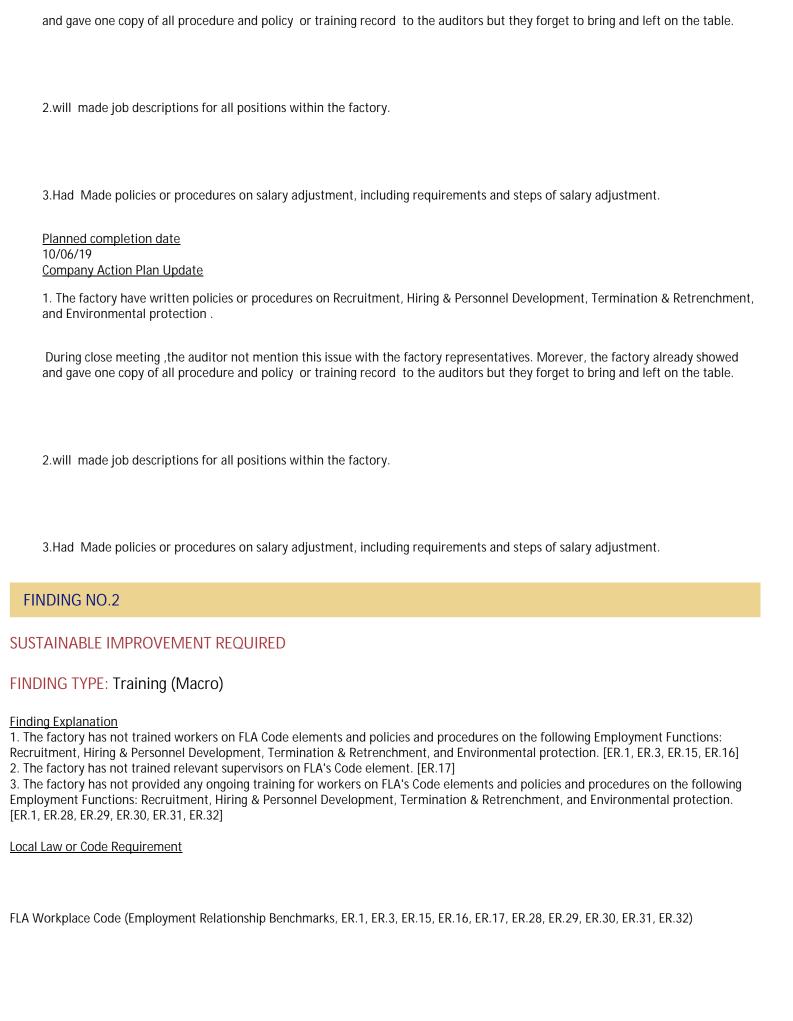
## COMPANY ACTION PLANS

#### Action Plan no 1.

#### Description

1. The factory have written policies or procedures on Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Environmental protection .

During close meeting, the auditor not mention this issue with the factory representatives. Morever, the factory already showed



## Action Plan no 1.

## **Description**

1&2&3. The factory conduct general training on March annualy to train workers/supervisors on policies and procedures on the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Environmental protection. The factory already show the training report to auditors on the assessment day.

<u>Planned completion date</u> 10/06/19 Company Action Plan Update

1&2&3. The factory conduct general training on March annually to train workers/supervisors on policies and procedures on the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Environmental protection. The factory already show the training report to auditors on the assessment day.

## FINDING NO.3

#### SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

## **Finding Explanation**

- 1. The factory has not made the affiliate's Workplace Code of Conduct available or communicated to workers. [ER.16]
- 2. The factory does not have written workplace standards made available to workers, managers, and supervisors. [ER 16]
- 3. The worker involvement component is missing across all Employment Functions. This indicates that the factory has not established procedures to actively request and/or receive workers' input/feedback regarding the creation, suggestion, 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, ER.3, ER.15, ER.16, ER.29, ER.30, ER.31, ER.32)

#### COMPANY ACTION PLANS

Action Plan no 1.

#### Description

1& 2. The factory has Workplace Code of Conduct and standard available and communicated to workers through general training annual and post it at the workplace.

During close meeting, the auditor not mention this issue with the factory representatives. Moreover, the factory already showed and gave one copy of all procedure and policy or training record to the auditors but they forget to bring and left on the table.

3. The factory conduct the periodical social dialogue at the work place every 3 months, and labor conference 1 time per year, and have some communication channel as suggestion box, telephone call, face to face.. to get the worker involvement across all employment functions and to receive workers' input/feedback regarding the creation, suggestion, implementation, and updating of its policies and procedures. The factory already show the report/ document to auditors on the assessment day.

<u>Planned completion date</u> 10/06/19 <u>Company Action Plan Update</u>

1& 2. The factory has Workplace Code of Conduct and standard available and communicated to workers through general training annual and post it at the workplace.

During close meeting, the auditor not mention this issue with the factory representatives. Moreover, the factory already showed and gave one copy of all procedure and policy or training record to the auditors but they forget to bring and left on the table.

3. The factory conduct the periodical social dialogue at the work place every 3 months, and labor conference 1 time per year, and have some communication channel as suggestion box, telephone call, face to face.. to get the worker involvement across all employment functions and to receive workers' input/feedback regarding the creation, suggestion, implementation, and updating of its policies and procedures. The factory already show the report/ document to auditors on the assessment day.

## FINDING NO.4

#### SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

#### Finding Explanation

1. The factory does not regularly review its policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Environmental Protection. [ER.1, ER.29, ER.30, ER.31, ER.32] 1.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, ER.31, ER.32)

## **COMPANY ACTION PLANS**

Action Plan no 1.

## **Description**

\* Regularly review its policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel

Development, Termination & Retrenchment, and Environmental Protection.

Planned completion date

10/06/19

Company Action Plan Update

1. The factory had regularly review policies and procedures for the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Environmental Protection every 6 month.

## **FINDING NO.5**

## IMMEDIATE ACTION REQUIRED

# FINDING TYPE: Recruitment, Hiring & Personnel Development

#### **Finding Explanation**

- 1. 12 out of 57 reviewed labor contracts signed with workers from March 2014 are still based on the format of Circular No 21/2003 instead of Circular 30/2013. [ER.1, ER.2]
- 2. The factory has not established a proper monitoring system in place to monitor the compliance status of the subcontracted security guards, including working hours records and compensation records. [ER.1]

## Local Law or Code Requirement

Circular No. 30/2013/TT-BLDTBXH; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2)

#### Recommendations for Immediate Action

- 1. Revise the format of labor contracts to comply with the law.
- 2. Establish a proper monitoring system to monitor the compliance status of subcontractors, including the subcontractor providing security guards.

#### COMPANY ACTION PLANS

#### Action Plan no 1.

#### Description

- 1. Revise the format of labor contracts to comply with the law.
- 2. Establish a proper monitoring system to monitor the compliance status of subcontractors, including the subcontractor providing security guards.

Planned completion date

10/06/19

Company Action Plan Update

1. Had Revised the format of labor contracts to comply with the law. The new contract format indicate the term and conditions more detail such as add the payment method, insurance contribuion percentage, amount of allowances...

2.Had asked the Long Hai company to provide and share the working hours records and compensation records of security guards for factory for checking the compliance.

## FINDING NO.6

#### SUSTAINABLE IMPROVEMENT REQUIRED

## **FINDING TYPE: Industrial Relations**

#### **Finding Explanation**

- 1. There is no space or office for the union. [FOA.1]
- 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.1 and FOA.24)

#### COMPANY ACTION PLANS

Action Plan no 1.

### Description

\* provide the private space or office

for the union

Planned completion date 10/06/19 Company Action Plan Update

The labor union are free of using the meetin room as private space for labor union activities.

## **FINDING NO.7**

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

#### Finding Explanation

- 1. All the fire extinguishers at the facility expired in July 2019. The last inspection was conducted in July 2018. [HSE.1, HSE.4]
- 2. At least one fire hydrant at the washing workshop was fully obstructed by the washing machine. [HSE.1, HSE.6]
- 3. Several symbols of fire hydrants in the cutting section and material warehouse are faded and they were installed at a low position, which hinders the identification of the fire hydrant during the emergency. [HSE.1, HSE.5, HSE.6]
- 4. The sounds of the fire alarm are soft and difficult for workers to recognize in the areas of embroidery, cutting, and printing. [HSE.1,

#### HSE.5]

- 5. At least two emergency exit doors in the packing section and the accessories storage area open inward instead of outward. [HSE.1, HSE.5, HSE.6]
- 6. At least two exit signs in sewing workshop C and D are not in the local language as "Loi thoat". Additionally, there were missing emergency exit lights and exit signs at the canteen. [HSE.1, HSE.5, HSE.6]
- 7. About 70% of evacuation maps at the facility consist of wrong "YOU ARE HERE" indicators. Evacuation maps at the finished goods warehouse of Workshop A and C do not reflect the actual layout of designated emergency exit doors. [HSE.1, HSE.5]
- 8. Floor markings and direction arrows in the areas of sewing, cutting & material, and accessories warehouse faded. Besides, direction arrows are missing at the Canteen. [HSE.1, HSE.5, HSE.6]
- 9. Exit routes and doors in the embroidery section, cutting section, material warehouse, accessories warehouse, and packing section are obstructed by tables, chairs, cartons or goods at the workshop. [HSE.1, HSE.5]
- 10. Working stations in the sewing, finishing, and packing areas are partly or fully obstructed by goods. [HSE.1, HSE.5]

#### Local Law or Code Requirement

National Standard (TCVN) No. 7435 - 2:2004, Decision No. 2726/QĐ-BKHCN National Standard (TCVN) Item 5.1.1, No. TCVN 3890:2009; National Standard (TCVN) No. 3890-2009; Vietnam Standard No. TCVN 5738:2001, Part 5; National standard (TCVN) No. 2622:1995; Point 7.5; TCVN 2622:1995 Part 7, Point 7.24; Decree 79/2014/ND-CP, dated on July 31, 2014, Chapter 2, Article 7, Point 1; FLA Workplace Code (Health, Safety & Environmental Benchmarks, HSE.1, HSE.4, HSE.5, HSE.6)

#### Recommendations for Immediate Action

- 1. Inspect and maintain all fire extinguishers regularly as required by law.
- 2. Keep all firefighting equipment easily accessible.
- 3. Post visible signs of fire fighting equipment for easy identification.
- 4. Ensure that the fire alarm is audible and easy to recognize during an emergency.
- 5. Install exit doors that open outward to facilitate evacuations.
- 6. Install emergency lighting and exit signs at all exits. Post the exit sign in the local language as "Loi thoat" at all exits.
- 7. Correct information in evacuation plot plans.
- 8. Re-mark directional arrows and floor markings at all workshops and the canteen.
- 9. Keep all exit routes clear from obstruction.
- 10. Keep all workstations clear from obstruction.

## **COMPANY ACTION PLANS**

Action Plan no 1.

#### Description

1. Inspect and maintain all fire extinguishers regularly as required by law.

2. Keep all firefighting equipment easily accessible.
3. Post visible signs of fire fighting equipment for easy identification.
4. Ensure that the fire alarm is audible and easy to recognize during an emergency.
5. Install exit doors that open outward to facilitate evacuations.
6. Install emergency lighting and exit signs at all exits. Post the exit sign in the local language as "Loi thoat" at all exits.
7. Correct information in evacuation plot plans.
8. Re-mark directional arrows and floor markings at all workshops and the canteen.
9. Keep all exit routes clear from obstruction.
10. Keep all workstations clear from obstruction.
Planned completion date 10/06/19 Company Action Plan Update
1. Had Inspected and maintain all fire extinguishers regularly as required by law.All the exprired fire extinguishers had been conducted inspection at the end of September.
OSH officer will carry out regular check the compliance status.
2. the fire hydrant that be obstructed in washing section is the old one and factory not use . Factory has removed that fire hydrant and keep all firefighting equipment easily accessible.

 ${\it 3. Had post visible signs of fire fighting equipment for easy identification.}\\$ 

4. Had adjusted the sound of fire alarm to Ensure that the fire alarm is audible and easy to recognize during an emergency. The factory assigned the OSH officer regularly inspect the file alarm system and keep the record and also have contract with the third party to maintain the file alarm annually.
5.In the report said that he door in the accessories storage open inward but actually it open outward .Pls see the attached.
For the packing section, The factory still waiting the approval from the landlord to set up the door open outward because the factory rent the building. will advise later. The target date is on 20-June 2020. The OSH officer will keep follow up the status of this issue.
6. Had posted the exit sign in the local language as "Loi thoat' in workshop C&D.
7. Had Corrected information in evacuation plot plans.
8. Had re-check and Re-marked directional arrows and floor marking that have been faded in all workshops.
9 Had Kept all exit routes clear from obstruction and re-educated and raise the workers's awarenes from keep the exit route clear and unobstructed.

## **FINDING NO.8**

#### IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

## **Finding Explanation**

- 1. Inner covers of electrical panels are missing at the workshop. [HSE.1, HSE.14, HSE.15]
- 2. Instructions in Vietnamese are missing for machine buttons especially the emergency button. Besides, SOPs are missing for different machines: automatic cutting machines, washing machines, and pressing machines. [HSE.14, HSE.15]
- 3. There is no back-support safety belt for workers who lift goods in warehouses. [HSE.1, HSE.7, HSE.8]
- 4. At least three broken metal gloves were found being used by workers at the Cutting section. [HSE.1, HSE.7, HSE.8]
- 5. Supplies such as band-aids and forceps are missing in all first aid kits at the facility. [HSE.1, HSE.18]
- 6. Handwashing sinks are missing in the clinic room. [HSE.1, HSE.18]
- 7. The factory conducts the drinking water test every 6 months instead of every 3 months as required by law. [HSE.1, HSE.19, HSE.23]
- 8. Ladder handrails are missing in the material warehouse and the washing workshop. [HSE.1, HSE.7, HSE.8]
- 9. MSDSs are missing in the printing workshop and the removal room where chemicals are used. [HSE.1, HSE.9, HSE.10, HSE.11]
- 10. Hazardous waste is not classified and segregated in the printing workshop. Additionally, normal waste was found stored at hazardous

storage. [HSE.1, HSE.4]

- 11. Signs for the restricted area are missing in the firefighting pump and wastewater treatment area. [HSE.1, HSE.14, HSE.15]
- 12. Traffic lanes and walk paths are not clearly marked. [HSE.1, HSE.19]
- 13. No speed limit sign for vehicles is found in the facility. [HSE.1, HSE.19]

#### Local Law or Code Requirement

The Law on Chemicals no. 06/2007/QH12, dated on November 21, 2007, Article 29 & Article 30; Circular No. 19/2016/TT-BYT, Article 6; Point 3, 4&7, Article 5, Decree No. 14/2014/ND-CP; Circular No. 04/2009/TT-BYT, Part III; FLA Workplace Code (Health, Safety and Environmental Benchmarks: HSE.1, HSE.3, HSE.4, HSE.7, HSE.8, HSE.9, HSE.10, HSE.11, HSE.14, HSE.15, HSE.17, HSE.18, HSE.19, HSE.23)

#### Recommendations for Immediate Action

- 1. Keep electrical panels with proper inner covers.
- 2. Provide instructions for machine buttons and SOPs for all machines in the local language.
- 3. Provide the appropriate PPE to all workers and carry out regular inspections.
- 4. Provide proper supplies in all first aid kits.
- 5. Provide proper handwashing sinks in all clinics.
- 6. Carry out drinking water tests regularly as required by law.
- 7. Install ladder handrails.
- 8. Keep proper access control in the fire fighting pump and wastewater treatment area.
- 9. Provide proper MSDSs for chemicals in the printing workshop and removal room.
- 10. Classify and segregate hazardous waste in both the usage and stored areas.
- 11. Re-mark all the traffic lanes and walk paths.
- 12. Post speed limit signs at the compound.

## COMPANY ACTION PLANS

Action Plan no 1.

## **Description**

1. Keep electrical panels with proper inner covers.

2. Provide instructions for machine buttons and SOPs for all machines in the local language.
3. Provide the appropriate PPE to all workers and carry out regular inspections.
4. change the broke metal gloves by the new one and make sure all PPE in good working condition.
5. Provide proper supplies in all first aid kits.
6. Provide proper handwashing sinks in all clinics.
7. Carry out drinking water tests regularly as required by law.
8. Install ladder handrails.
11. Keep proper access control in the fire fighting pump and wastewater treatment area.
9. Provide proper MSDSs for chemicals in the printing workshop and removal room.
10. Classify and segregate hazardous waste in both the usage and stored areas.
12. Re-mark all the traffic lanes and walk paths.
13. Post speed limit signs at the compound.
Planned completion date

Planned completion date
10/06/19
Company Action Plan Update

2.Had provided instructions for machine buttons and SOPs for all machines in the local language at the end of Sept
3.
*Under report to Top Management and waiting approval from Top management. The target date is 20-May-2020.
The factory will provide back-support safety belt for workers once it available . OSH officer will carry out regular inspections.
4. had changed the broken metal gloves by the new one.
5.
*Had Provided band -aids and forceps in all first aid kits all first aid kits at the facility on 10-Apr-2020
6. Had provided proper handwashing sinks in all clinics on Oct 2019
7. Had Carried out drinking water tests every 3 month as required by law. The first testing on January, 2020. The next testing is on Apr-2020.
8. The factory provided the ladder with the 'A' shape for the worker in the fabric warehouse before and still using until now. The height of rack of fabric is 2 meter maximum. So can you consider this issue that ,the factory using the .ladder with the 'A' shape is acceptable for the height 2 meter maximm?? The factory conduct the OSH training annualy to train the worker the properly way of
working to ensure safety and avoid falling risk.
8. Had kept proper access control in the fire fighting pump and wastewater treatment area.
9. Had provided proper MSDSs for chemicals in the printing workshop and removal room.
10. Had Classified and segregated hazardous waste in both the usage and stored areas.
11. Had Kept proper access control in the fire fighting pump and wastewater treatment area by post the authorized person picture in 2 those areas.

1. Had Kept electrical panels with proper inner covers at the end of Sept.

- 12. The factory had marked the traffic lanes and walk paths separately.
- 13. The factory had Posted the speed limit signs at the compound.

## FINDING NO.9

## IMMEDIATE ACTION REQUIRED

FINDING TYPF: Hours of Work

## Finding Explanation

Workers' working hours are excessive. Daily working hours of workers exceed four hours a day and maximum daily working hours are 13 hours (8 regular hours + 5 hours overtime). Workers' weekly working hours exceed 60 hours. It was found that around 60% of sampled workers worked over 60 hours a week in August 2019 and that the maximum weekly working hours were 84 hours. Their daily worker hour have exceeded 4 hours a day on an occasional basis and sometimes up to 5 hours. Therefore the maximum daily working hours have reached 13 hours, and the monthly overtime hours have exceeded 30 hours. [HOW.1, HOW.7]

Around 10% of sampled workers are arranged to work on Sundays and the maximum consecutive working days are 10 days. It is found that 10% of sampled workers worked consecutively from July 29 to August 8, 2019, and August 17 to August 27, 2019 [HOW.1, HOW.2, HOW.7]

## Local Law or Code Requirement

Labor Code of Vietnam No. 10/2012/QH13, Article 110, Clause 1; Labor Code of Vietnam No. 10/2012/QH13, Article 106, Clause 2.b; FLA Workplace Code (Hour of Work Benchmarks, HOW.1, HOW.2, HOW.7)

#### Recommendations for Immediate Action

- 1. Ensure workers do not work more than the legal limit. Plan production based on regular working hours.
- 2. Provide workers with at least one day off (24-consecutive hours of rest) for every seven-day working period.

## COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1. Ensure workers do not work more than the legal limit. Plan production based on regular working hours.
- 2. Provide workers with at least one day off (24-consecutive hours of rest) for every seven-day working period.

Planned completion date

10/06/19

Company Action Plan Update

- 1. The factory management has started to control the order capacity monthly and strictly monitor the quality issue and the overtime hours of workers to control the excessive overtime. The compliance team will verify monthly to ensure that the management will keep on monitoring and report to the General manager for discussion for solution
- 2. Will Provide workers with at least one day off (24-consecutive hours of rest) for every seven-day working period.

## **FINDING NO.10**

## IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

## **Finding Explanation**

The disciplinary records are not maintained in the personnel file. [ER.1, ER.2, ER.27]
Several disciplinary records show that workers were subject to disciplinary action for violations that are not defined in the disciplinary policy or documents, such as not properly sewing garments or forgetting to remind others to cover the goods, [ER.1, ER.27]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks, ER1, ER.2, ER27)

## Recommendations for Immediate Action

- 1. Maintain disciplinary records in the personnel file of workers.
- 2. Apply disciplinary actions accordingly as written in the disciplinary policy.

## **COMPANY ACTION PLANS**

Action Plan no 1.

## **Description**

- \*Maintain disciplinary records in the personnel file of workers.
- \*Apply disciplinary actions accordingly as written in the disciplinary policy and internal work rule.

Planned completion date

10/06/19

#### Company Action Plan Update

\*Had maintained disciplinary records in the personnel file of workers.

\*Had applied disciplinary actions accordingly as written in the disciplinary policy and internal work rule.

## FINDING NO.11

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Compensation

#### Finding Explanation

Monthly compulsory allowance for one captain and two vice-captains in the firefighting team were not sufficiently included in the amount of basic salary used to calculate and contribute to social insurance as required by law. [C.1, C.5] The factory did not contribute to health insurance for all 16 foreigners who work as managers and supervisors at the facility as required by law. [C.1, C.5]

## Local Law or Code Requirement

Decision no. 595/QĐ-BHXH dated on April 14, 2017, Article 6, Clause 2.2; Decision No. 595/QD-BHXH dated on Ha Noi, April 14, 2017, Chapter III, Section 4, Article 17; FLA Workplace Code (Compensation Benchmarks, C.1, C.5)

#### Recommendations for Immediate Action

- 1. Include a monthly compulsory allowance for one captain and two vice-captains in the firefighting team in the basic salary to calculate and contribute to social insurance as required by law.
- 2. Provide health insurance contributions for 16 foreigners who work as managers and supervisors at the facility as required by law.

## **COMPANY ACTION PLANS**

## Action Plan no 1.

#### **Description**

1. <!--[endif]-->According to the law , the wage based allowance not include other assistance and allowances which not related to the job and position written in the labor contract. The position and job of the caption and 2 vice captions in the labor contract is electrician , and they perform additional job is being caption and vice captions in fight fighting team which not relate to the job in the labor contract so the addition payment that factory pay them monthly and separately payroll will not be the subject of insurance contribution. The factory also seek the advise from BWV and they also have the same thinking. So pls kindly consider this issue and kindly advise. Pls see the contract and the pay slip in the attached.

Planned completion date

10/06/19