



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Patagonia
COUNTRY: Vietnam
ASSESSMENT DATE: 08/19/19
ASSESSOR: Social Compliance Services Asia
PRODUCTS: Apparel
NUMBER OF WORKERS: 1334

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	3
Hours of Work	3
Employment Relationship	11
Health, Safety, and Environment	16
Harassment and Abuse	1
Nondiscrimination	5
Freedom of Association	1

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

The factory has not established a procedure for performance review with detailed steps. The factory reported that they conduct performance review every six months. There was no record of performance review nor any procedures available. The factory reported that the review were only conducted by managers and supervisors and based on their observation of workers' performance without any formal system or records. [ER.29]

The performance and skill allowance upgrading policy is incomplete, such as only sewing, quality control and helper workers are included and without workers from other sections including printing, cutting, and finishing. [ER.29]

The factory has not established a policy and procedure for demotion and job reassignment and procedure for promotion. In addition, the promotion policy is incomplete, such as missing steps and processes, linkages to job grading and written feedback. [ER.30]

The factory has not established written procedures on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers. [ER.28, ER.29]

The factory has not established a proper Retrenchment and Termination policy. [ER.32]

The factory has not established the emergency response plan related to business emergencies. [ER.32]

The factory's discipline policy and procedure do not include workers' right to appeal the disciplinary action. [ER.27]

The factory's health and safety policy is incomplete and missing the following elements: ergonomic program and procedure on taking proactive steps to reduce repetitive-motion stress or injuries; protection against retaliation for workers who raise health, safety or environment concerns; protection to workers who allege violations of compensation laws, regulations, and procedures. [HSE.17, ER.31]

There is no proper written commitment and procedures between the audited factory and its subcontractors and suppliers in social compliance. [ER.1, ER.11]

Local Law or Code Requirement

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. The factory will establish a procedure for performance review with detailed steps.
- B. The factory will communicate this procedure to the relevant departments. In addition, the factory will post the procedure at the notice board to communicate to all workers.
- C. The factory will conduct the training to all relevant workers/ supervisors/ managers on this procedure.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target completion date: May 31, 2020

2. A. The factory will revising the performance and skill allowance upgrading policy and procedure.
- B. The factory will communicate the updated policy to the relevant departments. In addition, the factory will post the policy at the notice board to communicate to all workers.
- C. The factory will conduct the training to all relevant workers/ supervisors/ managers on this policy and procedure.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target completion date: May 31, 2020

3. A. The factory will establish a policy and procedure for demotion and job reassignment and procedure for promotion. In addition, the factory will update the promotion policy.
- B. The factory will communicate this policy and procedure to the relevant departments. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.
- C. The factory will conduct the training to all relevant workers/ supervisors/ managers on this policy and procedure.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target completion date: May 31, 2020

4. A. The factory will establish written procedures on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers.
- B. The factory will communicate this procedure to the relevant departments. In addition, the factory will post the procedure at the

notice board to communicate to all workers.

C. The factory will conduct the training to all relevant workers/ supervisors/ managers on this procedure.

D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

F. Person responsible: HR Head & HR Manager

G. Target completion date: May 31, 2020

5. A. The factory will establish a Retrenchment and Termination policy.

B. The factory will communicate this policy to the relevant departments. In addition, the factory will post the policy at the notice board to communicate to all workers.

C. The factory will conduct the training to all relevant workers/ supervisors/ managers on this policy.

D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

F. Person responsible: HR Head & HR Manager

G. Target completion date: May 31, 2020

6. A. The factory will establish the emergency response plan related to business emergencies.

B. The factory will communicate this plan to the relevant departments. In addition, the factory will post it at the notice board to communicate to all workers.

C. The factory will conduct the training to all relevant workers/ supervisors/ managers.

D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

F. Person responsible: HR Head & HR Manager

G. Target completion date: May 31, 2020

7. A. The factory will include workers' right to appeal the disciplinary action in the factory's discipline policy and procedure

B. The factory will communicate the updated policy and procedure to the relevant departments. In addition, the factory will post them at the notice board to communicate to all workers.

C. The factory will conduct the training to all relevant workers/ supervisors/ managers on this topic.

D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

F. Person responsible: HR Head & HR Manager

G. Target completion date: May 31, 2020

8. A. The factory will update the health and safety policy.

B. The factory will define clearly the responsible staffs for each employment function including Health, Safety and Environment.

C. The factory will communicate this policy to the relevant departments. In addition, the factory will post the policy at the notice board to communicate to all workers.

D. The factory will conduct the training to all relevant workers/ supervisors/ managers on this policy.

E. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

F. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

G. Person responsible: HR Head & HR Manager

H. Target completion date: May 31, 2020

- 9. A. The factory will make sure to have commitment with the subcontractors and suppliers in social compliance.
- B. The factory will communicate this policy to the relevant departments.
- C. The factory will conduct the training to all relevant persons.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target completion date: May 31, 2020

Planned completion date

09/24/19

Company Action Plan Update

1. In Progress

The factory will complete this item by December 31, 2020.

2. In Progress

The factory will complete this item by December 31, 2020.

3. In Progress

A. The factory established a policy and procedure for demotion and job reassignment and procedure for promotion. In addition, the factory updated the promotion policy.

B. The factory communicated this policy and procedure by posting them on the notice board.

Next Steps:

C. The factory will train to all employees in December 2020.

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

4. In Progress

A. The factory established written procedures on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers.

B. The factory communicated this procedure by posting it on the notice board.

Next Steps:

C. The factory will train to all employees in December 2020.

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

5. In Progress

A. The factory established written Retrenchment and Termination policy and procedure.

B. The factory communicated this by posting it on the notice board.

Next Steps:

C. The factory will train to all employees in December 2020.

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

6. In Progress

A. The factory established the emergency response plan related to business emergencies.

B. The factory communicated this plan to the relevant departments. In addition, the factory posted it at the notice board to communicate to all workers.

Next steps:

C. The factory will train to all employees in December 2020.

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

7. In Progress

A. The factory included workers' right to appeal the disciplinary action in the factory's discipline policy and procedure

B. The factory communicated the updated policy and procedure to the relevant departments. In addition, the factory posted them at the notice board to communicate to all workers.

Next Steps:

C. The factory will train to all employees in December 2020.

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

8. In progress

The factory will set up the ergonomic program and procedure on taking proactive steps to reduce repetitive - motion stress or injuries after we received result of ergonomic assessment by December 31, 2020.

9. In Progress

A. The factory updated a written Suppliers, Subcontractors Selection Procedure. All service providers, subcontractors committed in social compliance.

B. The factory conducted the training to manager of Canteen Service Provider and Security Service Provider.

Next Steps:

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

The factory does not provide training to workers on ergonomics. Warehouse staff did not receive lifting technique training, QC and packing workers did not receive standing job training, and sewing and other sitting jobs did not receive training. [HSE.17]
The orientation training material content was not consistent with Collective Bargaining Agreement, for instance: one of the conditions to receive accommodation allowance was being single which was not mentioned in the signed and agreed Collective Bargaining Agreement between the factory and Trade Union. [ER.1, ER.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship ER.1, ER.15, Health Safety and Environment HSE.17)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. The factory will conduct training to workers on ergonomics.
- B. The factory is looking for the qualified trainer to conduct the trainings.
- C. The factory will set up the training plan.
- D. Person responsible: HR Head & HR Manager
- E. Target completion date: December 31, 2020

2. The factory stopped this practice. Accommodation allowance was provided to all workers who rent a house since January 2020. The factory communicated this new policy for all departments and workers on January 7, 2020.

Next Steps:

- A. The factory is revising the orientation training materials and CBA. CBA will be submitted to the government for approval.
- B. The factory will post the approved CBA on the production floors for workers to review.
- C. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- D. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

E. Person responsible: HR Head & HR Manager

F. Target completion date: May 31, 2020.

Planned completion date

09/24/19

Company Action Plan Update

1. In Progress

The ergonomic training will be conducted by 3rd party for all workers in November 2020.

2. In Progress

A. The factory updated the CBA and it was sent to the local authority.

B. The factory posted the CBA on the notice board.

Next Steps:

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory signs a one month probation contract with all production workers instead of the 20-day probation contract, which is stipulated in the approved Labor Regulation. [ER.25, ER.27]

Employment contracts do not specifically state the start and end of working hours, or the short break during working hours, as required by law. Labor regulations do not specifically state the start and end of the short break during working hours as required by law. [ER.27]

Factory did not have effective monitoring on its subcontractors' compliance in recruitment and hiring, hence, there were non-conformances found in their labor system, such as:

Security subcontractor did not clearly state monthly wage and other allowances and social insurance contribution in their employment contracts. C.1

Subcontractors (Security, Canteen service) did not specifically state start or end of working hours, short break, lunch break and weekly rest day in their employment contracts. ER.27

Security subcontractor signed four consecutive short term labor contract (one year contract) with security guard from May 2015 to December 2019 instead of maximum of two short term labor contracts as required by law. C.1, ER.11

It was noted that female workers were asked about the last menstruation date, menstruation status and their pregnancy status on the recruitment interview form. On the recruitment Interview form, workers were also required to provide information of their marriage status as one of the basic information. During workers' interview, workers reported that as per their understanding, the female workers were not allowed to get pregnant within the first six months of joining the factory and the factory will also not recruit female workers who are currently pregnant. ND.4 & ND.7

Local Law or Code Requirement

Decree 05/2015/ND-CP, Article 4; Labor Code 10/2012/QH13, Article 5, Article 6, Article 23, Article 70; Labor Code 10/2012/QH13, Article 22;

FLA Workplace Code (Employment Relationship ER.25, ER.27, Nondiscrimination ND.4, ND.7)

Recommendations for Immediate Action

1. Factory shall ensure the length of probationary contract is in line with prevailing legislation as well as the approved internal labor regulation.
2. Working hours and break shall be properly included on both the labor contract and the internal labor regulation.
3. Factory shall stop applying any discriminating practice against workers' pregnancy during the recruitment or employment period. There shall not be any form of commitment to refrain workers from getting pregnant. Marriage status shall not be considered as one of the criteria during the period of recruitment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. The factory will make sure the probation period or training period in the hiring policy is consistent with the approved Labor Regulation.
B. The updated hiring policy and procedure will be trained to all relevant persons.
C. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
D. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
E. Person responsible: HR Head & HR Manager
F. Target Completion Date: May 31, 2020

2. A. The factory will include the start and end of working hours, or the short break during working hours in labor contracts, as required by law. In addition, the factory will update the labor regulations which include state the start and end of the short break during working hours
B. Person responsible: HR Head & HR Manager
C. Target Completion Date: May 31, 2020

3. A. The factory will set up a procedure to monitoring subcontractors.
B. The subcontractor will sign a commitment to follow the legal requirement and Clients' COC.
C. The factory will conduct the training for subcontractors on the legal requirements and clients expectation.
D. CR staff will conduct the internal audit the subcontractor annually.
E. Person responsible: HR Head & HR Manager
F. Target completion date: May 31, 2020

4. Completed

The factory included the monthly wage and other allowances and social insurance contribution in appendixes of labor contracts. The service provider provided a copied appendix of labor contract to each security guard.

5. Completed

The factory included state start or end of working hours, short break, lunch break and weekly rest day in in appendixes of labor

contracts. The service provider provided a copied appendix of labor contract to each security guard and canteen worker.

6. Completed

The factory reviewed all labor contracts of security guards. 3 security guards were signed indefinite term contracts after 2 definite term contracts. A copied of contract was provided for them as well.

7. A. We will review and revise the hiring process, questions for interviewing workers and relevant content when giving instructions to new workers.

B. The factory will communicate the new hiring policy and procedure to all relevant persons. In addition, the factory will post the updated policy and procedure at the notice board to communicate to all workers.

C. The factory will conduct the training to the interviewers about the new policy and procedure.

D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

F. Person responsible: HR Head & HR Manager

G. Target completion date: May 31, 2020

Planned completion date

09/24/19

Company Action Plan Update

1. In Progress

A. The factory updated the hiring procedure.

B. The factory posted the updated hiring procedure and the updated internal regulations on the notice board.

Next Steps:

C. The factory will train to all employees in December 2020.

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

2. Completed

The factory included the the start and end of working hours, or the short break during working hours in labor contracts

The factory updated the internal regulations.

3. Completed

- A. The factory set up a procedure to monitoring subcontractors.
- B. The subcontractor signed a commitment to follow the legal requirement and Clients' COC.
- C. The factory assigned a staff to monitor subcontractors.
- D. The factory trained a manager of Canteen Service Provider and Security Service Provider.

7. In Progress

- A. We reviewed and revised the hiring process, questions for interviewing workers and relevant content when giving instructions to new workers on June 2, 2020.
- B. The factory communicated the new hiring policy and procedure to all relevant persons. In addition, the factory posted the updated policy and procedure at the notice board to communicate to all workers.
- C. The factory trained all HR staffs on this updated hiring procedure on June 17, 2020.

Next Steps:

- D. The factory will conduct the internal audit in Q1/2021.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q1/ 2021.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

The records of disciplinary actions are not maintained in the workers' personnel files. [ER.27]
Factory applies "prolongation of the skill allowance increment period for two to six months" as one of the disciplinary actions. For example, sampled workers received warning letters in January 2019 for violating factory's regulation and were not considered for an increment in wages for skill allowance in March 2019. [H/A.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship ER.27; Harassment or Abuse H/A.2)

Recommendations for Immediate Action

1. Factory shall maintain the disciplinary actions in individual workers' personnel file.
2. Factory shall stop the practice of using the prolongation of skill allowance as one of the disciplinary action against workers.

FLA's Recommendations for Sustainable Improvements

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory maintained the records of disciplinary actions in the workers' profiles.

Next steps:

A. The factory will update the disciplinary policy and procedure.

B. The factory will communicate the updated policy and procedure to the relevant departments. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.

C. The factory will conduct the training to all relevant workers/ supervisors/ managers on this policy and procedure.

D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

F. Person responsible: HR Head & HR Manager

G. Target completion date: May 31, 2020.

2. A. The factory will revise the evaluation process to increase skill allowance properly.

B. The factory will communicate the updated evaluation process to the relevant departments.

C. The factory will conduct the training to all relevant supervisors/ managers on this.

D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

F. Person responsible: HR Head & HR Manager

G. Target completion date: May 31, 2020

Planned completion date

09/24/19

Company Action Plan Update

1. In Progress

A. The factory updated the disciplinary procedure including keeping disciplinary records in workers' profiles on September 1, 2020

B. The factory posting the disciplinary procedure on the notice board.

Next Steps

C. The factory will train to all employees in December 2020.

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

2. In Progress

The factory will complete this item by December 31, 2020.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

The factory does not provide short breaks for workers during the working day as required by law. [HOW.1, HOW.3]
Assessors noted that workers from different sections worked more than 60 hours a week, with a maximum weekly working hours of 72 hours per week recorded in July 2019. For other months, the maximum weekly working hours was 68 hours. Additionally, workers worked more than 30 hours of overtime a month, which is not in line with the prevailing legislation. [HOW.1, HOW.8]
Carpenters and electricians work on Sundays for maintenance work and are not guaranteed at least one day rest in seven days. For example, carpenters worked 34 consecutive days from March 11 to April 13, 2019. [HOW.1, HOW.2]
The factory does not have an effective monitoring system for subcontractors' compliance in hours of work, and the following noncompliances were found:

Security staff are not guaranteed at least one day off in every seven days, as required by law. They worked seven consecutive days from July 2 to 8, from June 6 to 12, and from June 15 to 21. [HOW.2]
Security staff are not guaranteed a rest of at least 12 hours before moving to another shift, as required by law. Security staff working the night shift finished their work at 6:00 and were arranged to moved to day shift at 14:00 on the same day, such as they were arranged to work from 22:00 (Jul 5) to 6:00 (Jul 6) and from 14:00 (Jul 6) to 22:00 (Jul 6). [HOW.3]
Canteen staff had actual working hours from 06:00 to 14:00 and overtime from 16:00 to 19:00, which is different from the standard working hours stated in their labor contract, 06:30 to 14:30. Canteen staff only work overtime when production workers work overtime. [HOW.1, HOW.8]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 5, Article 106, Article 108, Article 109, Article 110, Article 111; FLA Workplace Code (Hours of Work HOW.1, HOW.2, HOW.3, HOW.8)

Recommendations for Immediate Action

1. Factory to provide a short break during working hours as required by law.
2. Factory shall adopt practices to better control workers' working hours so that workers are not working overtime more than legal allowed and weekly working hours do not exceed 60 hours a week.
3. Factory shall guarantee workers with at least one day off in seven days' work

4. Factory to have an effective monitoring system to monitor the subcontractors and suppliers' social compliance status.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. The factory will provide short breaks for workers during the working day.
B. Person responsible: HR Head & HR Manager
C. Target completion date: May 31, 2020
2. A. The factory will increase the efficiency by using the new machines.
B. The factory is hiring more workers to reduce its OT.
C. The factory is tracking working hours monthly and submit to brand for review.
D. HR team work closely with Production team to have the schedule for OT.
E. The factory will communicate the working hours and OT hours policy to all managers and supervisors.
F. Person responsible: HR Manager & Production Director
G. Target completion date: July 2020

3. Corrected

The factory guaranteed one rest day a week for 2 carpenters and 2 electricians since September 2019.

4. 1 & 2 A. The factory will make sure to guarantee the rest day and rest time before moving to another shift of security guards.
B. Person responsible: HR Head & HR Manager
C. Target completion date: March 1, 2020.

4.3 Completed

The canteen service provider provided the appendixes of the labor contracts to all canteen workers. Each worker was provided a copied appendixes of labor contracts.

The actual working hours on paper card attendance are matched with the working hours in labor contracts.

Planned completion date

09/24/19

Company Action Plan Update

1. Completed

The factory provided short breaks (9:30 am - 9:33 am and 2:00 pm - 2:03 pm) for workers since August 1, 2020.

2. Completed

Monthly OT hours was less than 30 hours a month since May to August 2020. The total weekly working hours was less than 60 hours.

4.1&2 Completed

The rest day and rest time were guaranteed for all security guards.

The factory assigned staff to inspect canteen service provider and security service provider monthly to make sure that they are following the legal requirements and clients COC.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The captain and two vice captains of the fire fighting team were not sufficiently provided the monthly compulsory allowance. In June 2019, they were not provided the compulsory allowance and were paid VND 80,000 (USD 3.45) instead of the legally calculated VND 417,000 (USD 17.96). The basic salary increased in July 2019. Since July 2019, the compulsory allowance is properly paid. [C.1, C.5]

Members of the fire fighting team who attended the fire fighting training for two days in December 2018 were not provided with the compulsory allowance of 0.5 daily wage for each training day. [C.1, C.5]

The factory does not have an effective monitoring system for its subcontractors' compliance in compensation. During the assessment, there were non-conformances found in which the security subcontractor did not sufficiently pay their staff at the premium rate of 200% of the basic wage for working on a weekly rest day. [C.1, C.7]

The factory does not maintain written consent of the worker before making the wage deductions for the trade union fee. [C.11]

Local Law or Code Requirement

Decision no. 595/QĐ-BHXH, Article 6; Circular No. 47/2015/TT-BLĐTBXH, Article 4; Law on Occupational Safety and Hygiene No. 84/2015/QH13, Article 74; Decree No. 79/2014/ND-CP, Article 35; Labor Code 10/2012/QH13, Article 97; FLA Workplace Code (Compensation C.1, C.5, C.7, C.11)

Recommendations for Immediate Action

1. Factory to sufficiently provide compulsory allowance to captain and vice captains of the fire fighting team and include those allowances in the basic wage to contribute to social insurance as required by law.
2. Factory to sufficiently provide allowance to members of the fire fighting team for time they attended training as required by law.
3. Factory to properly monitor subcontractors' compliance in compensation to ensure contracted workers are paid accurately.

4. Factory shall ensure that proper written consent is obtained from workers for any deductions made.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Completed

The fire brigade team of the factory had one captain and two vice-captains. They are paid VND 447,000 a month of allowance as per legal requirement since July 2019.

The factory assigned HR Head and Accountant to monitor payrolls to make sure that all compensation correctly.

2. Completed

The latest training was conducted on December 27 & 28, 2019. The payment was paid for all members of the firefighting team sufficiently. 0.5 daily wage was paid in December 2019 and 0.5 daily wage was paid in February 2020.

The factory assigned HR Head and Accountant to monitor payrolls to make sure that all compensation correctly.

3. Completed

Security guard company paid additional salary for one security guard who worked one rest day on August 28, 2019.

4. A. The factory will maintain written consent of the worker before making the wage deductions for the trade union fee.

B. Person responsible: HR Head & HR Manager

C. Target Completion Date: March 1, 2020

Planned completion date

09/24/19

Company Action Plan Update

4. Completed

We assigned HR staff to monitor the payroll. HR staff must receive consent of the worker (application to join the union of worker) before making the wage deductions for the trade union fee)

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory has not conducted ergonomic assessments for all working positions within the factory, including assessments for the lift. [HSE.17]

The factory did not conduct a risk assessment for all working areas within the facility, including the printing section, embroidery section, and finished goods warehouse. They only have a risk assessment for the following machinery: sewing machine, embroidery machine, cutting machine, forklift, air compressor, and buttoning machine. [HSE.12, HSE.17]

Inspection workers are not provided dust masks as PPE to use while working. [HSE.1, HSE.7]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 38; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.7, HSE.12, HSE.17)

Recommendations for Immediate Action

1. The factory shall establish ergonomic programs and carry out ergonomic assessments accordingly.
2. Factory shall provide proper risk assessments for all work positions within the factory.
3. Factory to provide appropriate PPE to all workers that are exposed to work-related risk.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. The factory will conduct the ergonomic assessments for all working positions including assessments for lift.

B. Person responsible: HR Head & HR Manager

C. Target completion Date:

Warehouse, cutting, sub-cutting, embroidery, Printing: September 2020

Marking, office, QC, trimming, packing, lifting: October 2020

Sewing: December 2020

2. A. The factory will conduct a risk assessment for all working areas within the facility, including the printing section, embroidery section, and finished goods warehouse.

B. Person responsible: HR Head & HR Manager

C. Target Completion Date: May 31, 2020

3. Completed

We provided appropriate PPE to all workers that are exposed to work-related risk from December 2019.

Next Steps:

A. The factory will revise the PPE Policy.

B. The factory will communicate this new policy to relevant persons. The factory will post this new policy at the notice board to communicate to all workers.

C. All workers including inspection workers will be trained on how to use the PPE properly.

- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target completion date: May 31, 2020

Planned completion date

09/24/19

Company Action Plan Update

1. Completed

The factory conducted the ergonomic assessments for all working positions by TCS company on September 18, 2020.

2. Completed

The factory conducted a risk assessment for all working areas within the facility, including the printing section, embroidery section, and finished goods warehouse on February 20 & 21, 2020.

3. In Progress

The factory updated the PPE policy.

The factory posted PPE policy on the notice board.

Next steps

C. The factory will train to all employees in December 2020.

D. The factory will conduct the internal audit in Q2/2021.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

There are missing fire alarms in the two dorms used by supervisors and managers. [HSE.1, HSE.25]
At least two emergency lights in the canteen and four emergency exit signs at the Canteen, Finished Goods Warehouse, and Sewing area of Workshop C were malfunctioned at the time of the audit. [HSE.1, HSE.5]
At least two fire extinguishers (dry powder) in the sewing area workshop A and workshop B had insufficient pressure. [HSE.1, HSE.6]
One out of two test fire hoses has a hole which prevents it from properly functioning. [HSE.1, HSE.6]
At least eight emergency exit doors including five out of eight exit doors of workshop B; three out of four exit doors at finished goods

warehouse of workshop A are rolling doors instead of doors that open outward. [HSE.1, HSE.5]

The majority of evacuation maps at the facility were missing sufficient information, i.e: position of emergency exit doors, indicator of "YOU ARE HERE", location of fire hydrants, and location of first aid kits. [HSE.1, HSE.5]

Several evacuation maps at the finished goods warehouse of workshop A and workshop C were not reflected in the actual layout, such as the location of designated emergency exit doors. [HSE.1, HSE.5]

Several floor markings and directional arrows in the sewing area, cutting area, material and accessories warehouse within the facility are faded. There are missing the directional arrows in the canteens and finished goods warehouse and sewing area of workshop C. [HSE.1, HSE.5]

Several exit routes and exit doors in the material and accessories warehouse of workshop B, embroidery workshop, and finished goods warehouse at workshop C were fully obstructed by tables, chairs, cartons, goods or forklift. Additionally, several working stations in the sewing area of Workshop A were partly or fully obstructed by goods which hinder evacuation. There were also electrical wires running on the floor and obstructing the evacuation route at the areas of emergency exit door of finished goods warehouse in workshop C. [HSE.1, HSE.5]

Local Law or Code Requirement

Vietnam Standard No. TCVN 5738:2001, part 7; National Standard (TCVN) No TCVN 3890:2009, Clause 10, Clause 3.2, Clause 3.3; National Standard (TCVN) No. 7435 - 2:2004, Part 2, Clause 4; Vietnam Standard No. 06:2010/BXD, Clause 3.2.3; Clause 3.3.1; Decree 79/2014/ND-CP, Chapter 2, Article 7; National standard (TCVN) No. 2622:1995, Clause 7.1, Clause 7.5; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.5, HSE.25)

Recommendations for Immediate Action

1. Factory to install fire alarms in all dormitories.
2. Factory to regularly inspect the emergency lights and ensure that they are working properly at all times.
3. Factory shall ensure that all fire fighting equipment is in good condition to properly work at all times.
4. Factory to ensure that all emergency exit doors open outwardly to the exit route as required by law.
5. Factory to develop and post evacuation plot plan at all working areas with all required elements to ensure quick evacuation in emergency case.
6. Factory shall re-paint all floor markings and directional arrows to ensure all emergency routes are clearly marked.
7. Factory shall remove obstructions and ensure all emergency exit routes are clear of obstruction at all times. Electrical wires shall be properly encased and installed to prevent any tripping risk.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. The factory signed a contract with the service provider to install fire alarms at dormitory for managers.
B. Recently, the factory had fire safety design approval on November 28, 2019.
C. Person responsible: HR Head & HR Manager
D. Target Completion Date: June 30, 2020

2. Completed

The factory removed all old all new emergency lights and exit signs and installed the new ones at Canteen, Finished Goods Warehouse and Sewing area of Workshop C in September 2019.

Preventive actions:

- A. The factory will set up fire safety management policy including:
 - a. requirement that the factory manager be fully responsible for safely operating and maintaining the facility, including all aspects of occupational safety, health and fire safety
 - b. provisions to protect the safety of all employees, contractors and visitors
 - c. provisions to protect the facility premises from the dangers of fire.
 - d. a requirement to conduct fire safety risk assessment
 - e. a requirement to conduct fire safety hazard assessment
 - f. appointment of accountable competent personnel including a fire safety officer, and fire safety facilitator(s).

- g. review system of fire safety procedures and practices
- B. The policy will be communicated and trained to the relevant persons. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.
- C. The factory will assign a person to inspect emergency lights and exit signs monthly. The inspection records are keeping on files.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target Completion Date: May 31, 2020

3. Completed

The factory conducted the inspection for all fire extinguishers. All fire extinguishers are functional.

In addition, the factory also bought 4 back up fire extinguishers.

Preventive actions:

- A. The factory will set up fire safety management policy including:
 - a. requirement that the factory manager be fully responsible for safely operating and maintaining the facility, including all aspects of occupational safety, health and fire safety
 - b. provisions to protect the safety of all employees, contractors and visitors
 - c. provisions to protect the facility premises from the dangers of fire.
 - d. a requirement to conduct fire safety risk assessment
 - e. a requirement to conduct fire safety hazard assessment
 - f. appointment of accountable competent personnel including a fire safety officer, and fire safety facilitator(s).
- g. review system of fire safety procedures and practices
- B. The policy will be communicated and trained to the relevant persons. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.
- C. The factory will assign a person to inspect fire extinguishers monthly. The inspection records are keeping on files.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target Completion Date: May 31, 2020

4. Completed

The damaged fire hoses were fixed.

Preventive actions:

- A. The factory will set up fire safety management policy including:
 - a. requirement that the factory manager be fully responsible for safely operating and maintaining the facility, including all aspects of occupational safety, health and fire safety
 - b. provisions to protect the safety of all employees, contractors and visitors
 - c. provisions to protect the facility premises from the dangers of fire.
 - d. a requirement to conduct fire safety risk assessment
 - e. a requirement to conduct fire safety hazard assessment
 - f. appointment of accountable competent personnel including a fire safety officer, and fire safety facilitator(s).
- g. review system of fire safety procedures and practices
- B. The policy will be communicated and trained to the relevant persons.
- C. The factory will assign a person to inspect fire hoses monthly. The inspection records are keeping on files.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target Completion Date: May 31, 2020

5. The factory has 3 exit doors opened outward in Workshop A, 3 exit doors opened outward in Workshop B, and 4 exit doors opened outward in Workshop C. In addition, the local fire police inspect firefighting system at our factory regularly. The lastest inspection on December 5, 2019. They mentioned that the emergency exit doors at our factory are followed the law.

- A. The factory will set up a procedure to ensure exit door opened during operation hour.
- B. The factory will assign a dedicated person to ensure the emergency door is kept opening.
- C. The dedicated personnel and workers in the area being trained on the procedure.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target Completion Date: May 31, 2020

6. A. The factory is replacing the product layout. The factory will make sure to have evacuation plot plans with sufficient information.
- B. The factory will set up fire safety management policy including:
- a. requirement that the factory manager be fully responsible for safely operating and maintaining the facility, including all aspects of occupational safety, health and fire safety
 - b. provisions to protect the safety of all employees, contractors and visitors
 - c. provisions to protect the facility premises from the dangers of fire.
 - d. a requirement to conduct fire safety risk assessment
 - e. a requirement to conduct fire safety hazard assessment
 - f. appointment of accountable competent personnel including a fire safety officer, and fire safety facilitator(s).
 - g. review system of fire safety procedures and practices
- C. The policy will be communicated to the relevant persons. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.
- D. The factory will provide the training to on the updated relevant policies and procedures for Health, Safety and Environment to responsible staffs and all workers annually. The evaluation after training will be conducted.
- E. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- F. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- G. Person Responsible: Production Director and HR Head
- H. Target completion date: May 31, 2020

7. A. The factory is replacing the product layout. The factory will make sure to have the evacuation plot plan matched with the actual layout.
- B. The factory will set up fire safety management policy including:
- a. requirement that the factory manager be fully responsible for safely operating and maintaining the facility, including all aspects of occupational safety, health and fire safety
 - b. provisions to protect the safety of all employees, contractors and visitors
 - c. provisions to protect the facility premises from the dangers of fire.
 - d. a requirement to conduct fire safety risk assessment
 - e. a requirement to conduct fire safety hazard assessment
 - f. appointment of accountable competent personnel including a fire safety officer, and fire safety facilitator(s).
 - g. review system of fire safety procedures and practices
- C. The policy will be communicated to the relevant persons. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.
- D. The factory will provide the training to on the updated relevant policies and procedures for Health, Safety and Environment to responsible staffs and all workers annually. The evaluation after training will be conducted.
- E. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- F. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- G. Person Responsible: Production Director and HR Head
- H. Target completion date: May 31, 2020

8. A. The factory is replacing the product layout. The factory will make sure to re-paint all directional arrows. In addition, the factory will make sure to have directional arrows in canteen and finished goods warehouse and sewing area of workshop C.
- B. The factory will set up fire safety management policy including:
- a. requirement that the factory manager be fully responsible for safely operating and maintaining the facility, including all aspects

- of occupational safety, health and fire safety
- b. provisions to protect the safety of all employees, contractors and visitors
- c. provisions to protect the facility premises from the dangers of fire.
- d. a requirement to conduct fire safety risk assessment
- e. a requirement to conduct fire safety hazard assessment
- f. appointment of accountable competent personnel including a fire safety officer, and fire safety facilitator(s).
- g. review system of fire safety procedures and practices
- C. The policy will be communicated to the relevant persons. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.
- D. The factory will provide the training to on the updated relevant policies and procedures for Health, Safety and Environment to responsible staffs and all workers annually. The evaluation after training will be conducted.
- E. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- F. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- G. Person Responsible: Production Director and HR Head
- H. Target completion date: May 31, 2020

- 9. A. The factory is replacing the product layout; therefore, some aisles are still partially blocked by semi-products. The factory will ensure that aisles are free of obstructions.
- B. The factory will set up fire safety management policy including:
 - a. requirement that the factory manager be fully responsible for safely operating and maintaining the facility, including all aspects of occupational safety, health and fire safety
 - b. provisions to protect the safety of all employees, contractors and visitors
 - c. provisions to protect the facility premises from the dangers of fire.
 - d. a requirement to conduct fire safety risk assessment
 - e. a requirement to conduct fire safety hazard assessment
 - f. appointment of accountable competent personnel including a fire safety officer, and fire safety facilitator(s).
 - g. review system of fire safety procedures and practices
- C. The policy will be communicated to the relevant persons. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.
- D. The factory will provide the training to on the updated relevant policies and procedures for Health, Safety and Environment to responsible staffs and all workers annually. The evaluation after training will be conducted.
- E. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- F. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- G. Person Responsible: Production Director and HR Head
- H. Target completion date: May 31, 2020.

Planned completion date

09/24/19

Company Action Plan Update

1. Completed

Fire alarm system was equipped at the dormitory of supervisors and managers.

2. In Progress

1. The factory set up fire safety management policy. The effective date: September 01, 2020.

2. The factory posted this policy on the notice board.

Next steps:

1. The factory will conduct the training for all relevant persons in December 2020.

2. The factory will conduct the internal audit in Q2/2021.

3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

3. In Progress

1. The factory set up fire safety management policy. The effective date: September 01, 2020.

2. The factory posted this policy on the notice board.

Next steps:

1. The factory will conduct the training for all relevant persons in December 2020.

2. The factory will conduct the internal audit in Q2/2021.

3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

4. In Progress

1. The factory set up fire safety management policy. The effective date: September 01, 2020.

2. The factory posted this policy on the notice board.

Next steps:

1. The factory will conduct the training for all relevant persons in December 2020.
2. The factory will conduct the internal audit in Q2/2021.
3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

5. In Progress

1. The factory set up fire safety management policy. The effective date: September 01, 2020.
2. The factory posted this policy on the notice board.

Next steps:

1. The factory will conduct the training for all relevant persons in December 2020.
2. The factory will conduct the internal audit in Q2/2021.
3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

6. In Progress

1. The factory set up fire safety management policy. The effective date: September 01, 2020.
2. The factory posted this policy on the notice board.
3. All evacuation plot plans were provided with sufficient information.

Next steps:

1. The factory will conduct the training for all relevant persons in December 2020.
2. The factory will conduct the internal audit in Q2/2021.
3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

7. In Progress

1. The factory set up fire safety management policy. The effective date: September 01, 2020.

2. The factory posted this policy on the notice board.
3. All evacuation plot plans were provided with sufficient information.

Next steps:

1. The factory will conduct the training for all relevant persons in December 2020.
2. The factory will conduct the internal audit in Q2/2021.
3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

8. In Progress

1. The factory set up fire safety management policy. The effective date: September 01, 2020.
2. The factory posted this policy on the notice board.
3. All aisles and directional arrows were marked clearly.

Next steps:

1. The factory will conduct the training for all relevant persons in December 2020.
2. The factory will conduct the internal audit in Q2/2021.
3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

9. In Progress

1. The factory set up fire safety management policy. The effective date: September 01, 2020.
2. The factory posted this policy on the notice board.

Next steps:

1. The factory will conduct the training for all relevant persons in December 2020.
2. The factory will conduct the internal audit in Q2/2021.
3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions

FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

At least one main electrical panel at the Canteen was fully obstructed by plastic boxes. [HSE.13]

There are missing instructions in Vietnamese for the emergency button on automatic cutting machine, fabric inspection machine and zipper cutting machines. These machines were also missing SOPs. [HSE.13, HSE.14]

Goods at the material and accessories warehouse are stacked too high, that may cause a falling risk. [HSE.1, HSE.12]

All first aid kits were missing several equipment including band aids and protective glasses. Additionally, the dormitory used by Korean supervisors and managers is missing first aid kits. [HSE.1, HSE.6]

There were missing Material Safety Data Sheets (MSDS) documents available and posted in the printing workshop. [HSE.1, HSE.10]

Several chemicals in the cutting area of workshop B, printing workshop, and sewing area of workshop C, are missing the safety labels. [HSE.1, HSE.9]

There are missing restricted area signs and missing signs that only allow authorized access to the air compressor area. [HSE.13]

One out of two medical staff working in the factory are not trained in occupational safety and hygiene for the in-charge medical person as required by law (Group 5). [HSE.1]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 138; Electricity Law no. 28/2004/QH11, Article 57; Circular No. 19/2016/TT-BYT, Article 6; Law on Chemicals no. 06/2007/QH12, Article 29; Circular No. 04/2009/TT-BYT; Decree no. 44/2016/ND-CP, Article 17; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.6, HSE.9, HSE.10, HSE.12, HSE.13, HSE.14, HSE.23)

Recommendations for Immediate Action

1. Factory shall remove any obstruction and ensure all electrical panels are clear of obstructions at all times.
2. Factory shall establish and post SOPs for all machines in the facility in the local language and proper training should be provided to workers.
3. Factory shall ensure goods are stacked at the appropriate height to minimize the risk.
4. Factory shall equip first aid kits at all areas including dormitories and provide sufficient first aid supplies to all first aid kits in the facility.
5. Factory to provide MSDS in the local language in all areas where chemicals are used or stored.
6. Factory to properly label all chemical containers in the facility.
7. Factory shall post appropriate signs to ensure only authorized access to restricted areas.
8. Factory to ensure medical staff are properly trained with occupational safety and hygiene as required by law.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. The factory will conduct the training to all canteen workers to make sure no obstructions in control panels again and annually.

B. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

C. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

D. Person Responsible: HR Head and HR Manager

E. Target completion date: May 31, 2020

2. Completed

The factory posted instructions in Vietnamese for all the emergency buttons and SOPs of automatic cutting machine, fabric inspection machine and zipper cutting machines.

The factory assigned health and safety officer to monitor all health and safety items including machine safety on the production floors.

3. Completed

Goods at materials warehouse are stacked at appropriate height.

Preventive actions:

A. The factory will create an instruction and post at the warehouse.

B. The instruction will be communicated to warehouse manager and train to all workers at warehouse.

C. The factory will assign a person to monitor to make sure that this instruction implemented properly.

D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

F. Person responsible: HR Head & HR Manager

G. Target Completion Date: May 31, 2020

4. Completed

All first aid kits on the workshop A, B & C are provided with enough supplies. The factory provided first aid kits at management dormitory.

Preventive actions:

- A. The factory will assign a staff to inspect all first aid kits every month.
- B. The factory will create inspection records for each first aid kit.
- C. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- D. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- E. Person responsible: Medical staff
- F. Target completion date: March 31, 2020

5. Completed

MSDSs of all chemical at printing workshop are available in local language.

The factory set up chemical management procedure including making sure MSDSs of all chemicals at the factory available in local language

The factory assigned health and safety officer to monitor all health and safety items including chemical safety on the production floors.

6. A. The factory will make sure all that chemical containers at production floors were provided with labels including chemical name, hazard information, and relevant GHS pictograms.

B. The factory set up chemical management procedure including how to label chemical containers.

C. This procedure will be communicated all relevant persons.

D. The chemical safety training will be conducted chemical operators.

E. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.

F. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.

G. Person responsible: HR Head & HR Manager

H. Target Completion Date: May 31, 2020

7. Completed

The factory provided a sign that only authorized access to the air compressor area.

The factory assigned health and safety officer to monitor all health and safety items including warning signs at air compressor area.

8. A. The factory will make sure all medical staff trained on Group 5.

B. Person responsible: HR Head & HR Manager

C. Target Completion Date: May 31, 2020

Planned completion date

09/24/19

Company Action Plan Update

1. Completed

The factory conducted the training for canteen workers on March 25, 2020.

The factory assigned a HR staff to monitor canteen area.

3. In Progress

The factory wrote the instruction for warehouse staff on July 20, 2020.

The factory posted the instruction at the warehouse

The instruction was trained to all workers at warehouse on July 29, 2020

The assigned health and safety officer to monitor this issue.

Next steps:

HR Manager and HR Head will conduct the internal audit in Q2/2021.

4. In Progress

The factory set up a procedure to manage first aid kits on September 1, 2020.

The factory created the inspection forms for each first aid kit.

The factory assigned a staff to inspect first aid kit monthly.

Next steps:

1. The factory will conduct the internal audit in Q2/2021.

2. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

6. In Progress

The factory updated chemical management procedure on June 1, 2020 including how to label chemical containers.

The chemical safety training was conducted on October 23, 2020.

Next steps:

2. The internal audit will be conducted in Q2/2021.

3. The top management team will conduct annually review on policies and procedures with the correction and prevention actions in Q2/ 2021.

8. Completed

Ms. Nguyen Thi Ngoc and Ms. Tran Huynh Nhu Thuy were trained on May 25-26, 2020 by CSR Vina Company.

The certificates are valid for 2 years.

FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker involvement component is missing across all Employment Functions including Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment, Environmental Protection; and Health & Safety. This indicates that the factory has not established procedures to actively request and/or

receive workers' input or feedback regarding the creation, suggestion, and implementation and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25]

Local Law or Code Requirement

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

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. A. The factory will establish procedures to actively request and/or receive workers' input or feedback regarding the creation, suggestion, and implementation and updating of its policies and procedures
- B. The factory will communicate this policy and procedure to the relevant departments. In addition, the factory will post the policy and procedure at the notice board to communicate to all workers.
- C. The factory will conduct the training to all relevant workers/ supervisors/ managers on this policy and procedure.
- D. The factory will assign the responsible and qualified staffs to conduct the internal audit annually which cover this topic, legal requirements, clients' COCs and FLA Workplace Code and Benchmarks.
- E. The top management team will conduct annually review on policies and procedures with the correction and prevention actions.
- F. Person responsible: HR Head & HR Manager
- G. Target Completion Date: May 31, 2020

Planned completion date

09/24/19

Company Action Plan Update

In Progress

The factory will complete this item by December 31, 2020.

FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

FLA Comments: The Vietnam constitution guarantees Freedom of Association. However, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – The Vietnam General Confederation of Labor (VGCL). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in Vietnam fall short of the ILO standards on the right to organize and bargain collectively. [FOA.2]

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmark FOA.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

This is national issue in Vietnam. The government improved this area in the new Labor Law Code which will be effective on January 1, 2021. The factory will study and implement this new Law.

Person responsible: HR Head & HR Manager

Target Completion Date: December 31, 2021

Planned completion date

09/24/19