



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



Verification Assessment

COMPANIES: Fenix Outdoor International AG
COUNTRY: Vietnam
ASSESSMENT DATE: 09/16/19
ASSESSOR: Social Compliance Services Asia
PRODUCTS: Apparel
NUMBER OF WORKERS: 450

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Number of Violations
Compensation	4
Hours of Work	6
Employment Relationship	4
Health, Safety, and Environment	18
Harassment and Abuse	2
Freedom of Association	1

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

The factory does not have written procedure for production quota allocation to ensure the fair quota allocation to each production line. There are high or improper production quota allocated to production lines, which make workers very stressed to complete the quota. It is heavily dependent on the production planner without any industry data or historical reference. (C.7.3; ER.24)

There are three sets of time records maintained for temporary workers. The first one is the manual daily records with time in and time out done by the security guards together with those ordinary workers and new workers who do not have the finger stamp in the time record system yet. The second one is manually made by the HR staff to capture the workers working hours daily without time in and time out. The third one is also a manual record made by the same HR staff to modify the daily working time. HR reduces the number of overtime hours worked so that it is sent to accounting department for payment to reflect fake overtime premium paid. Temporary workers are not paid for sufficient overtime premium, they are paid at a regular rate. For example, one worker worked three hours overtime. HR recorded on the third set of time records that the worker worked two hours of overtime, when the accountant receives this information, the worker is paid two hours x 150% which is equal to three hours x 100%; therefore overtime is paid at 100% rather than the premium rate. (ER.1.1, ER.23, C.16; HOW.1.1, ND.3.1.3, C.7, ND.3)

The buffer time used for workers to punch and swipe cards is more than 15 minutes; it varies from 1 to 42 minutes. (C.5, C.6)

There has been excessive daily, weekly, and monthly overtime in the last twelve months. Daily overtime is up to 13 hours, weekly overtime is up to 25 hours and monthly overtime is up to 115 hours. The weekly working hours are up to 73. (HOW.1.1, HOW.1.3)

Seventh day of rest is not guaranteed to 95% of workers in the last twelve months. They work on Sunday one to four times a month.

Workers have to work 31 days continuously without rest day in July, 2017 while the working condition is hot. Some workers who fainted in the production areas were allowed to rest 15 minutes after fainting then released to go home after that. However, there is no record to track those incidents or related corrective action plans made. (HOW.2, HOW.8)

The factory does not set up sufficient break time between shifts of at least 12 hours; break between shifts vary from two to eight hours. (ER.23, HOW.3)

The factory has not provided menstruation break to female workers. (HOW.3, HOW.4.1)

The factory has not provided overtime break for workers working overtime from 2 hours to less than 3 hours a day. (ER.23, HOW.3)

Overtime is not on a voluntary basis. Workers have to ask for written approval for overtime refusal, otherwise they have to work

overtime. (F.8, HOW.8)

Local Law or Code Requirement

Labour Code No. 10/2012/QH13 (2013), Art. 109, Art. 106.2, Art. 108, Art. 110.1, and Art.155.5; Circular No. 54/2015/TT-BLĐTBXH, Art. 6; FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER.1, ER.23, ER.24 and ER.23; Hours of Work Benchmarks HOW.1.1, HOW.1.3, HOW.2, HOW.3, HOW.4.1 and HOW.8; Nondiscrimination Benchmark ND.3.1.3; Compensation Benchmark C.5, C.6, C.7.3, and C.16; Forced Labor Benchmark F.8)

Recommendations for Immediate Action

1. Maintain one sets of time records for temporary workers and ensure working time are recorded by accurate device.
2. Ensure workers have one day rest in every seven-day period.
3. Track the incidents related to faint and make the corrective action plan.
4. Ensure break time between shifts is 12 hours.
5. Ensure the temporary workers and new workers record their working hours themselves.
6. Provide overtime break to workers if working overtime from two hours a day.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1>Production quota is not set high or improper as based on really efficiency of lines and skills of workers of lines, reasonable styles and reasonable capacity are allocated to lines. Our factory has system to measure efficiency and keep tracking data for allocation, not based on the planning staff as mentioned by assessor. Planner is only in charge of allocating styles to lines, not the person to decide how much capacity to put in lines. Currently, workers with efficiency from 55% up can get bonus; 55% efficiency is based on 8 hours/day, 26 working days for normal month, so comments of assessor about overload for workers does not reflect the real situation in our factory, and We have a specific production plan (set, style, production minutes, machine ...) for every line. Please see the attached file.

2>Improved! Factory now only has one system for time record, using finger scanner. All workers including temporary workers are paid for overtime based on labor law

3> FLA will remove it

4>Factory will study and find a solution for improvement

5>Worker fainted with many possible reason, but not because of OT, and factory had making the Incidents Tracking Book to record any related issue (pls refer to attached file)

6>Break time between shifts at least 12 hours will be applied

7>Company had trained about menstruation break for female worker in orientation training.....and stipulated in internal regulation and employee handbook also.

8>Break time for OT more than 2 hours is applying in factory (pls see the internal regulation)

9>employee had been trained about OT works , beside it's clearly mentioned in company internal regulation ...so that employee would leave factory after working hour without any warning or punishment

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Not Remediated: The factory does not have a written procedure for production quota allocation to ensure the fair quota allocation to each production line. However, workers reported that they understand and accept the production quota assigned. [C.7, ER.24]
2. Partially Remediated: Only one set of records were noted. However, it was noted that rest day working hours was paid at 150% instead of 200% as stipulated by law. [C.7]
3. Not Remediated: The buffer time is more than 15 minutes. The factory explained that workers sometime come to the factory for breakfast, not for work. [C.5]
4. Not Remediated: The maximum daily overtime hours are up to 13 hours, monthly overtime exceeded 30 hours a month and weekly working hours exceeded 60 hours and up to 81 hours a week in August 2019. (HOW.1.1, HOW.1.3, HOW.8.3)
5. Not Remediated: Workers are not properly guaranteed at least 24 consecutive hours of rest every seven days. The maximum consecutive working days was 62 days from 1st July to 31st August 2019. [HOW.2, HOW.8]
6. Remediated: Records provided and worker interviews confirmed that a proper break is provided to workers.

7. Remediated: The factory has provided menstruation break to female workers.
8. Remediated: Overtime break is provided to workers as per law.
9. Remediated: Overtime is reported to be on a voluntarily basis and no application process is required. Workers can verbally inform the supervisors if they do not want to work overtime, however, workers also expressed the pressure to reach productivity goals.

Local Law or Code Requirement

Labour Code No. 10/2012/QH13 (2013, Art. 97, Art. 106, Art. 110, FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER.24; Hours of Work Benchmarks HOW.1.1, HOW.1.3, HOW.2, and HOW.8; Compensation Benchmark C.5, C.6 and C.7)

Recommendations for Immediate Action

1. Create a written procedure for production quota allocation to ensure the fair quota allocation for each production line.
2. Ensure that overtime hours for all workers are properly paid.
3. Ensure that there is proper buffer time for workers to swipe in and any working hours shall be properly calculated and paid.
4. Ensure that workers' overtime hours do not exceed legal mandated overtime limit and workers' weekly working hours shall not be more than 60 hours.
5. Factory shall guarantee workers with one day of rest in seven.

PREVIOUS FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

There is no system to track the service duration when the jobless insurance is not provided for proper severance allowance or job-lost allowance calculation, leading to severance allowance paid insufficiently for resigned and terminated workers who have a period of non-jobless insurance coverage during their service duration. (HOW.1, C.1)

The Full Performance assessment procedure and how to allocate the monthly and yearly performance bonus and wage increment percentage to each worker are not provided for review. (ER.2, ER.29)

The related actual production output and disciplinary records on how to calculate and define the monthly performance bonus and annual wage increment were not provided for review. (ER.1.1, ER.27)

The factory has not paid the additional wage for the training of the fire-fighting team or the leader and vice leader responsible for the fire-fighting team. (C.1, C.5)

The factory has conducted excessive deduction for the attendance bonus compared to the procedures. The factory doubles the deduction amount noted in the procedures if workers take leave without permission or violate company regulation. (H/A.1, H/A.2)

Improper standard working days set-up in the factory leads to insufficient compensation for regular working time and for overtime. The factory uses 208 hours as the monthly standard working hours for regular and overtime compensation. That leads to the insufficient compensation for regular hours for workers in the months with more than 208 hours of working and insufficient overtime compensation for the month of February which the standard working time is less than 208 hours a month. (C.1)

Wage increment does not follow the registered wage scale. (C.1)

Calculation for annual leaves is not rounded up as legally required. (C.5, ER.22.2)

The factory deducts annual leaves for the case of fire in July instead full payment for downtime. (HOW.1, HOW.18)

The factory has not paid insurances and annual leaves into wage for temporary workers or those in probation period. (C.5, C.10, ER.22)

Downtime compensation is at 70% as understood from HR and Accounting while the factory does not have any procedure to pay for downtime. (HOW.18, HOW.19.2)

Workers could not take annual leaves, sick leaves at their will as performance bonus, attendance allowance would be deducted. Only annual leave arrangement by the factory during the long holiday period, the attendance allowance and performance bonus would not be deducted. (HOW.1, HOW.12.1)

Wage scale is not posted. (ER.2.2)

Overtime premium is not paid to temporary workers. They are paid for overtime worked at the normal rate. (C.1, C.16)

The factory does not equip working tools like trimming scissors, bobbin and bobbin case for workers. Workers have to buy them from the line leaders or maintenance staff. Cost of them varies from VND7,000 (USD 0.30) to VND10,000 (USD 0.44). (C.10, C.11)

The factory has not provided the cup for workers to drink water but provide the standard plastic bottle with cap instead for the first time only. Workers have to use it inside the factory for drinking water, however, the replacement is not provided with free of charge if the bottle broken or too old or too dirty, workers have to pay for the replacement of VND15,000 (USD 0.66) from the factory as they are not allowed to use any different kind of drinking bottles. (HSE.23.1.2, C.11, C.10)

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art 97, Art 98, Art. 101, Art. 111, Art 128, and Art 186.3; Decree No. 05/2015/NĐ-CP, Art. 14, Art. 25; Decree No. 79/2014/ND-CP), Art. 35 (3) ; Decree No. 45/2013/NĐ-CP, Art. 7; Decree 49/2013/ND-CP, Art. 7 and Art. 8; Decree No. 60/2013/ND-CP Art. 6 and Art 7; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.12.1, HOW.18 and HOW.19.2;

Recommendations for Immediate Action

1. Ensure the related actual production output and disciplinary records on how to calculate/ define the monthly performance bonus and annual wage increment are available for review.
2. Equip working tools like trimming scissors, bobbin and bobbin case are not equipped for workers.
3. Ensure cups are free of charge provided to workers.
4. Equip the safety masks for workers.
5. Pay overtime premium to temporary workers.
6. Pay additional wage for the fire-fighting team as legally required.
7. Pay the additional wage for the leader and vice leaders of fire- fighting team for their additional responsibility.
8. Ensure that workers are not deducted excessively for the attendance bonus versus the procedure.
9. Ensure proper standard working days set-up for compensation for regular working time and for overtime.
10. Ensure wage increment follows the registered wage scale.
11. Round annual leaves when calculation as legally requirement
12. Pay full downtime for workers in the case of fire.
13. Pay insurances and annual leaves into wage for temporary workers or those in probation period.
14. Pay downtime at 100% and establish procedure to pay for downtime.
15. Ensure performance and attendance bonuses are not deducted when workers take annual leaves or sick leaves.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1>The system will be set up for tracking.
- 2>Procedure will be provided for review.
- 3>Production output records and disciplinary records are attached for your reference
- 4>Improved! Vice leader will be elected in March 2018. The additional wage is already paid to leader. Please see the annex of labor contract attached
- 5>Attendance bonus policy does not violate the law. However, factory will update better the attendance bonus policy for encouraging workers
- 6>Factory paid as actual working hours for emmployee
(pls see the worker's payslip for reference)
- 7>Company reviewed wage scale yearly and it 's according to the law. For the salary increment we base on employee performance and seniority to adjust it also not violated regulation.
- 8>Will be Improved for calculation of annual leaves 2017
- 9>Pls see the meeting memo and agreement minutes between company/trade union and worker's representative.
- 10>Will be improved next time when we have temporary workers
- 11>Procedure for downtime pay will be written
- 12>in progress and estimate will applied from Jan 2019.
- 13>Wage scale had been posting at workplace
- 14>This will be improved next time when we have temporary workers
- 15>Base on specific working position, factory will equiped fully working tools. Please see the attached file with equip list.
We will investigates and feedback if yes because now we didn't have any case to investigates.
- 16>Improved. Factory provide cups at drinking area for workers to use. Please see the picture attached

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Remediated: It was noted that the system was in place to track service duration. The severance allowance for resigned and terminated workers who have a period of jobless insurance coverage during their service duration were properly paid.
2. Not remediated: The factory explained that they were in the process of establishing a performance review policy and procedure. During the closing meeting, the factory only provided the Evaluated Performance Application for several positions such as: Sewing, QC, Pressing, and Leaders for review. [ER.2, ER.29]

3. Not Remediated: The documents to define how to calculate monthly performance bonus and annual wage increment were not available for review during the assessment. [ER.1.1, ER.27]
4. Remediated: The factory paid the additional wage for the training of the firefighting team and the leader and vice leader responsible for the fire-fighting team.
5. Not remediated: Factory's wage and benefit policy with 4 levels deducted in attendance bonus when workers take leave or come late. The factory doubles the deduction amount noted in the procedures if workers take leave without permission or violate company regulation. (H/A.1, H/A.2)
6. Remediated: Factory used the actual days in the month instead of standard 208 hours for calculating workers' wages.
7. Not remediated: Factory has yet to establish the wage scale in 2019 and implement the wages increment according the wages scales. [C.1]
8. Remediated: Calculation for annual leave was rounded up as legally required.
9. Remediated: No improper deduction of annual leave was noted during the audit.
10. Remediated: Insurance and annual leave was paid as part of temporary workers' wages.
11. Remediated: Down time wages calculation procedure was made available and is provided as according to the law.
12. Not remediated: Workers still could not take annual leaves or sick leaves at their will as their performance bonus and attendance allowance are deducted. The only annual leave provided is during the long holiday period, when the attendance allowance and performance bonus are not deducted. [HOW.1, HOW.12.1]
13. Not Remediated: The updated wages scales are not posted. [ER.2]
14. Not Remediated: Based on the payrolls and time records for temporary workers, it was noted that rest day working hours was paid at 150% instead of 200% as stipulated by law. [C.1, C.5]
15. Remediated: Based on gathered information, the case mentioned in the original finding happened two years ago. Since then, the factory changed their practice and provided workers with working tools.
16. Remediated: Drinking cups are available for workers at no additional charge.

Local Law or Code Requirement

Labor Code of Vietnam No. 10/2012/QH13, Article 93, Article 97, Article 101, Article 111, FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.12; Compensation Benchmarks C.1, C.5; Employment Relationship Benchmark ER.1, ER.2, ER.27, and ER.29; Harassment and Abuse Benchmarks H/A.1, and H/A.2)

Recommendations for Immediate Action

1. Establish proper performance review policy and procedure. The actual production and disciplinary records on how to calculate and define the monthly performance bonus and annual wages increment shall be available for review.
2. Ensure that the wages deduction of attendance bonus shall be in line with the procedure. Ensure that there are no double deductions on the attendance bonus shall be made for violating the factory rule.
3. Establish the wage scale and the wages increment according to the wages scales.
4. Ensure that workers can take their annual leave and sick leave at their will.
5. Post the latest wage scales.
6. Ensure that the overtime wages are properly calculated as stipulated by law.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

It was observed that workers are required to swipe in and out whenever they access the toilets. The factory said that they use the data to track who accesses the toilet and how long they use the toilets, but no disciplinary practices applied for using the toilets. Also, workers are scared that the factory monitors their toilet break time, so that they will not stay inside the toilet too long. However, as reported, limited time for toilet break is 10 minutes, if workers take the toilet break longer than the limit three times a month, they will have minus points which will directly affect their monthly performance bonus and annual wage increment. (H/A.7, HSE.21, F.4.2)

Pregnant workers from the 7th month of pregnancy onward and lactating workers, who are entitled to have a shorter regular working time and leave the factory at 16:00, one hour earlier than ordinary workers, are not free to leave workplace at 16:00 as they would be scolded by team leaders, so that they would leave by 16:05 or 16:10 instead while those extra minutes are not paid. (ND.8, ER.14)

Workers are very scared to talk to the assessors due to the high pressure of production quota to achieve and also the retaliation from the line supervisors, production supervisors, and Production Manager. (ER.26, H/A.2)

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 8(3), Art 106.2.a, Art 111, and Art 155; FLA Workplace Code and Benchmarks (Hours of Work Benchmark HOW.8; Non Discrimination Benchmark ND.8; Employment Relationship Benchmark ER.14 and ER.26, Harassment and Abuse Benchmark H/A. 2 and H/A.7; Health, Safety and Environment Benchmark HSE.21; Forced Labor Benchmarks F.4.2, and F.8)

Recommendations for Immediate Action

1. Ensure that workers can access toilets at any time freely.
2. Ensure that pregnant workers from the 7th month and lactating workers are free to leave the factory at 4:00 PM.
3. Ensure that workers are free to leave the factory after the regular working time.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1>monitoring toilet breaks was not applied in the factory. As LTP's "freedom of movement policy" had mentioned all employee were free to moves during working hours.
- 2>We have trained knowledges to pregnant and lactating workers in training company rules.And the information was posted at the bulletin board. Please see the attached file.
- 3>Fty had keeping complains record as in attached file.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Remediated: Factory installed a light at each line for workers to notify if they want to use the restroom so that line leaders and supervisors know which working stations are missing workers and make the necessary arrangements. Per interview with workers, there are no disciplinary practices applied to workers as there was no limit on the time and workers feel free to use the restroom.
2. Remediated: During the assessment, pregnant workers reported that the factory did not apply any restrictions for them to leave early and they felt free to leave the factory at 16:00 as supervisors and line leaders did not pressure them.
3. Remediated: During the assessment, workers reported that they understand the production quota. The assessors did not note any retaliation from line supervisors, production supervisors, or the production manager.

PREVIOUS FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

Verbal abuse occurs frequently in the factory and in the production area from the line supervisors, especially on line 1 and line 19 and from the production supervisor and HR Manager. (H/A.1, H/A.5)

As reported, workers will be fired if they only meet 55% or below of assigned quota in three consecutive months, which is not in line with the factory disciplinary regulation. (ER.1.1, H/A.2)

The factory does not keep disciplinary records together in personnel profiles. The factory said that they did not discipline any worker so no disciplinary records are kept. However, from the factory performance assessment system, criteria for monthly performance bonus and annual wage increment entitled is 40% depending on how much the disciplined workers made in a month. However, the factory did not provide the proof of how in actual the performance bonus and annual wage increment is calculated, assigned and allocated for each worker. (ER.1, ER.27)

If a worker is more than five minutes late, the factory applies a 30 minutes lock-out practice and wages are deducted for those 30 minutes. (ER.23, C.5)

Workers who come in late after 8:00am or leave early have a 10% of attendance bonus deducted. Attendance bonus is also deducted if a worker takes leave for sick leave or maternity leave. (H/A.1, H/A.2)

The factory includes attendance bonus as a condition for the performance bonus calculation, even though the attendance bonus is calculated separately; if a worker is late, both their attendance and performance bonus will be deducted. (ER.22, C.17)

The factory deducts VND20,000 (USD 0.88) for ID badge replacement, while workers will be fined VND150,000 (USD 0.66) if they do not wear the ID badge to work. (H/A.1, H/A.2)

There is no system to discipline the supervisors and managers if they violate the factory regulations or codes of conduct. (H/A.11,

ER.27.1)

Wage increment suspension is one of the disciplinary practices as listed in the factory's regulations. (H/A.2, HOW.19)

Pregnant workers or those who violate the company regulations, or have monthly productivity below 55% for two consecutive months or have conflicts with supervisors/ managers would be allocated to the "retaliation /training production lines # 19, #20 and #22, where most of new workers are assigned with low production allocation so that workers working there mostly are not entitled the performance bonus as no quota set, no overtime work required. They would resign after that due to boring work and low income. (ER.14, ND.7.1) The factory forbids overtime work to senior workers due to having conflict with their supervisors. (H/A.8.2, ER.27)

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 5.1.a; Law No. 73/2006/QH11 on Gender Equality (2006), Art. 40(3)Labor Code No. 10/2012/QH13 (2013), Art. 101, Art. 128; FLA Workplace Code and Benchmarks (Harassment or Abuse Benchmarks H/A.1, H/A.2, H/A.8.2 and H/A.11; Hours of Work Benchmark HOW.19; Compensation Benchmarks C.5 and C.17; Employment Relationship Benchmarks ER.1, ER.3, ER.14, ER.22, ER.23 and ER.27; Non Discrimination Benchmarks ND.2.1, and ND.7.1)

Recommendations for Immediate Action

1. Cease verbally abusing workers.
2. Cease the deduction when workers do not meet the assigned quota.
3. Ensure that workers are not deducted excessive working hours if they are late.
4. Ensure that attendance bonus is not deducted if workers take leave; sick leave, maternity leave, coming late or go home early.
5. Ensure attendance is not included as a condition for performance bonus calculation.
6. Ensure workers are not monetary fined if they do not wear the ID badge to work.
7. Cease discrimination against pregnant workers on job assignment or termination.
8. Ensure overtime is voluntary for all workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1> Factory will conduct investigation and keep on training line leaders/supervisors to improve their management skills. However, so far we have had no this kind of complaint from workers regarding to verbal abuse although we already have complaint box for worker complaint; workers are free to come to HR Dept. or directly go to BOD for complaint; worker can also go to the chairman of trade union to make complaint

2>Fty had keeping complains record as in attached file.

3>HR Dept now keep the disciplinary records together in personnel profiles. This was mentioned at No.6.16.3

The comment for performance bonus and and annual wage increment is not correct. Performance bonus is based on efficiency of workers; annual wage increment is based on months of the year worker have been working at the factory.

Factory already showed the efficiency bonus and wage calculation to assessor during audit period.

4>no more lock-out and deduction

5>Attendance bonus is given to encourage workers to comply company regulation, so attendance bonus is calculated based on company policy. To make sure fairness, workers who are less absent get paid more than workers who are regularly absent.

6> FLA will remove this findings

7>Factory has not yet deducted workers for this violation. This finding is improved, no more deduction for both ID badge replacement and a fine for not wearding ID badge. However, workers who don't wear ID badge at workplace, discipline minutes will be given

8>Factory will set up discipline poilicy for supervisors and manages if they violate the factory regulations or codes of conduct

9>According to Article 125 of VN's Labour Law company can applied "Prolongation of wage increase within 06 months; dissmised

from office."
But in actual operation we did not applied for any case.
10>FLA mark this finding"Uncorroborated Risk of Non-Compliance"
11>FLA mark this finding"Uncorroborated Risk of Non-Compliance"

VERIFICATION RESULT

Finding Status
Not Remediated

Remediation Details

1. Remediated: Based on worker interviews, workers reported that they did not experience any verbal abuse from the line leaders or supervisor and no such kind of case was noted.
2. Remediated: Based on worker interviews and reviews of related records, there was no indication of any workers being fired as in the original finding.
3. Partially Remediated: The factory provided the disciplinary records for review during the assessment, however, disciplinary records were not kept in personnel files. The factory did not provide proof of how the performance bonus and annual wage increment is calculated, assigned and allocated for each worker. [ER.1, ER.27]
4. Remediated: Based on the record review and the worker interviews, no such lock-out practice is available.
5. Not Remediated: The Wage and Benefit policy still includes 4 levels of deduction in attendance bonus when workers take leave or arrive late. There was deduction of attendance bonus for being late or taking leave. [H/A.1, H/A.2]
6. Not Remediated: The factory still includes the attendance bonus as a condition for the performance bonus calculation, even though the attendance bonus is calculated separately. If a worker is late, both their attendance and performance bonus are will be deducted [ER.22, H/A.2]
7. Not Remediated: The interviewed workers confirmed that the factory deducted VND20,000 (USD 0.86) for workers' card replacement. The factory includes this rule in Article 21, Point 3 of the factory's Internal regulations. During the closing meeting, the factory explained that they updated the new internal regulation and is in the process to be approved by the bureau. However, the factory could not provide any related document as well as the new internal regulation. Workers would be fined for not wearing the ID badges. [H/A.1, H/A.2]
8. Not Remediated: There was no policy or procedure mentioned on how to discipline the supervisors and managers if they violate the factory regulations or codes of conduct. [H/A.11, ER.27]
9. Not Remediated: The wage increment suspension is still listed as one of the disciplinary practices in the factory's regulations. [H/A.2]
10. Remediated: Based on the review of the records and the workers interview, including the pregnant workers, there was no report of such practice noted.
11. Remediated: Based on the review of the records and the workers interview, no such kind of practice or report was noted.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 101, Art. 128; FLA Workplace Code and Benchmarks (Harassment or Abuse Benchmarks H/A.1, H/A.2, H/A.11; Employment Relationship Benchmarks ER.22, ER.27)

Recommendations for Immediate Action

1. Ensure that disciplinary records are kept in the personnel file of workers. Proper records shall be maintained and provided to show how the performance bonus and annual increment is calculated, assigned, and allocated for each worker.
2. Ensure that wages and benefits are properly calculated and without improper deduction due to taking leave or coming in late.
3. Performance bonuses shall not include the attendance bonus as a condition.
4. Establish a proper policy and practice of card replacement and do not have disciplinary fines for workers not wearing badges.
5. Create a policy and procedure on how to discipline supervisors and managers if they violate the factory regulations or codes of conduct
6. Cease the practice of using wage increment suspensions as a disciplinary practice.

PREVIOUS FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

All workers do not use eye-guard when working on high speed -machines such as overlock, bartack, button holing or sewing machines. (HSE.1, HSE.8, HSE.14)
Missing eye guard was observed on about 50% of overlock machines, bartack Machines. Water pump and fan at the old stock warehouse

and at least three fans at the ironing section, the packing section, and sampling section are not attached with machine guards. Sample sewing machines are not equipped with needle guards. Grinding machines are without tongues, cover and tool rest at maintenance area. All sewing machines at the sewing section are not attached with proper needle guards, they are put too high to protect workers. The factory has not covered the automatic drawing machine during the operation. Button snapping machines are missing pulley guard and needle guard. The factory has not equipped needle guards for buttoning snapping machines at sewing section while workers at the sample section, workers tied the needle guards to the machines for not to use the needle guards when working. (HSE.1, HSE.14) All heat transfer machines at heat transfer area and at the sewing lines are adjusted to operate by one hand instead of two. (HSE.13) The factory does not label the Machine operational buttons or indicators in local language. (HSE.1, HSE.14) No forklift, boiler's operator's licenses are maintained. (HSE.1, HSE.4) Validation Certificates of Pressure Gauges and Safety Valves of boilers are expired. (HSE.1, HSE.4) The factory has posted an improper warning sign at the Bending cutting machine. There is a photo for workers to use only one metal glove, instead of two. (HSE.1, HSE.14, ER.31)

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138.1.b; Law No. 27/2001/QH10 on Fire Prevention and Fighting (2001), Art. 24(2)(3); Law no.84/2015/QH13, Art 16 ; Decision 64/2008/BLDTBXH, Art 8.1.3; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks HSE.1, HSE.4, HSE.8, HSE.13, HSE.14 and HSE.15; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Reinforce workers to use eye-guard when working on high speed machines.
2. Equip eye guards on overlock machines, bartack Machines.
3. Equip tongues, cover and tool rest for grinding machines at maintenance area.
4. Ensure all heat transfer machines are operated with two hands.
5. Equip machine guards for all machines.
6. Cover automatic drawing machine during the operation.
7. Label machine operational buttons and indicators in local language.
8. Ensure forklift and boiler's operators have licenses.
9. Inspect the pressure gauges and safety valves of boilers.
10. Post warning sign of using two metal gloves at the bending cutting machine.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1>Only some machines do not have eye-guard not all. Workers removed the eye-guard because they are not familiar with it. Factory installed the eye-guard again. If workers keep removing the eye-guard, the discipline minutes will be given. Please see the pictures attached, And Company already equipped and trained for relative employee about using PPE, we will continuously follow up
- 2>Improved. Please see attached files. Fans with no cover are no longer used. New grinding machine was bought to replace the old one.
- 3>Improved. Workers adjusted the machine to operate with one hand instead of two hands, factory already reminded workers to operate the machine with two hands; factory will keep on training workers on HSE.
- 4>already got operation licenses for forklift & boiler operators (pls see attached file)
- 5>Improved. Please see the attached file
- 6>Improved. Please see the attached file

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Partially Remediated: Around 50% of workers are still not using the protective guards available, i.e 50% of workers did not use eye-guards when working on high speed machines, such as the overlock machine. [HSE.8, HSE.14]
2. Partially Remediated: There are some machines that are still missing guards, such as needle/eye guards for overlock machines and bartack machines. Some of needle guards are not properly installed as they were installed too high. The factory still has not provided protective eye-glasses for heat transfer workers. [HSE.14]

3. Remediated: The heat transfer machines are operated with both hands.
4. Partially Remediated: About 50% of machinery are still missing instructions and SOPs in the local languages, including the following: pressing machine, heat pressing machine, and laser cutting machine. [HSE.14]
5. Remediated: The forklift and boiler operators' licenses are maintained.
6. Remediated: The facility maintains valid certificates of pressure gauges and safety valves of boilers.
7. Remediated: Proper warning signs with two hand metal gloves were posted.

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138.1.b; Law no.84/2015/QH13, Art 16 ; Decision 64/2008/BLDTBXH, Art 8.1.3; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.8 and HSE.14)

Recommendations for Immediate Action

1. Ensure workers use eye-guards when working on high speed machines.
2. Equip eye guards for the overlock machines and bartack machines and proper needle guards for sewing machines.
3. Label machine operational buttons and indicators in local language.

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. MSDS for chemicals used in the factory does not include 16 sections and not readable as they are too blurred. (HSE.2, HSE.10.1) 2. The factory does not equip labels for chemical bottles at maintenance room and sewing section. (HSE.1, HSE.9.1) 3. The factory does not equip eyewash station and exhaust fans at stain removing area. (HSE.6.1, HSE.13) 4. The factory does not keep flammable Fuel containers at the hazardous chemical storage area but put outside without a shelter, MSDS, non- smoking sign. (HSE.1, HSE.9.1) 5. The factory does not equip chemical spillage kit as required in the chemical spillage cleaning procedure of the factory. (HSE.1, HSE.6.1)

Local Law or Code Requirement

Law no.06/2007/QH12, Art 29; TCVN 5507:2002, Art 4,1,3, Art 4.4.4; Circular 19/2016/BYT, Art 5.2 ; Law no.55/2014/QH13, Art 68, Art 108; FLA Workplace Code and Benchmarks(Health, Safety and Environment Benchmarks HSE.2, HSE.10.1, HSE.1, HSE.9.1, HSE.6.1 and HSE.13)

Recommendations for Immediate Action

1.Ensure MSDSs for chemicals include 16 sections and they can be readable. 2.Equip labels for chemical bottles at maintenance room and sewing section. 3.Equip eyewash station and exhausted fans at stain removing area. 4.Keep flammable fuel containers under a shelter, equip with MSDS and non- smoking sign. 5.Equip chemical spillage kit as required in the chemical spillage cleaning procedure of the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1>Improved. Please see the attached file
- 2>Improved. Please see the attached file
- 3>Eyewash station already installed;
- Eexhaust fans will be installed
- 4>Improved. Please see the attached file
- 5>Improved. Please see the attached file

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Remediated: MSDS available is readable and includes all 16 sections.
2. Not Remediated: There are several chemical cans such as acetone, oil was found at Packing area and Maintenance room that do not have labels or secondary containment. [HSE.1, HSE.9.1]
3. Remediated: The eyewash and exhaust fan are available at the stain removing areas.
4. Not Remediated: There are still no proper storage areas, all the chemicals are kept in the maintenance room that is not locked. Additionally, there is no MSDS or a non-smoking sign. The factory explained that they are in the process of building the storage areas. [HSE.9.1]
5. Remediated: Chemical spillage kits are available at the facility.

Local Law or Code Requirement

Circular 19/2016/BYT, Art 5.2 ; Law no.55/2014/QH13, Art 68, Art 108; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks, HSE.1, HSE.9.1)

Recommendations for Immediate Action

1. Equip labels for chemical bottles and ensure that chemicals have proper secondary containment.
2. Establish proper storage areas to properly store the chemicals.

PREVIOUS FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory does not equip benches with cushions and back rests and they are not adjustable. (HSE.1, HSE.17.1)
The factory arranges narrow working spaces for workers in the sewing lines and sample making lines. (HSE.1, HSE.17.1)
Ironing and QC operators are exposed to ergonomic risk from long standing work. (HSE.1, HSE.17.1)

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138; Decree No. 44/2016/NĐ-CP, Art. 35; Decision No. 3733/2002/QĐ-BYT, part. 2; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks HSE.1 and HSE.17.1)

Recommendations for Immediate Action

1. Equip chairs with cushions and back rests and ensure they are adjustable.
2. Ensure convenient working spaces for workers in the sewing lines and sample making lines.
3. Provide facilities such as rubber mats for ironing and QC operators who expose from long standing work.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1>Benches with back rest and adjustable will be replaced by time except cushion as workers don't feel comfortable with cushion. So, factory will not install cushions for new benches
2>Improved; on assessment date, workers put goods messy with benches blocking the path. Factory keep on training workers to put goods in order and at the right place. Please see the picture attached
3>Factory will buy rubber mat for Ironing workers; Rubber mats for QC operators is not necessary as QC operators has chairs to sit on while working.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Partially Remediated: The factory has equipped benches with back rests but they are still missing cushions and they are not adjustable. [HSE.1, HSE.17.1]
2. Partially Remediated: The working space for sewing workers are still narrow. [HSE,1, HSE.17.1]
3. Not Remediated: Factory still has not established the ergonomic program. The ironing and QC operators are still exposed to risks. [HSE.1, HSE.17.1]

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138; Decree No. 44/2016/NĐ-CP, Art. 35; Decision No. 3733/2002/QĐ-BYT, part. 2; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks HSE.1 and HSE.17.1)

Recommendations for Immediate Action

1. Equip chairs with cushions and ensure they are adjustable.
2. Ensure that working spaces in the sewing lines and sample making lines are wide enough.
3. Provide facilities with items such as rubber mats for ironing workers and QC operators who are exposed to long periods of standing work.

PREVIOUS FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory does not keep food sampling records to minimize the risks of food poisoning for food available on Sundays. (HSE.1, HSE.22)
The factory does not keep food samples for 72 hours but 24 hours and the quantity of food samples is only about 100g. (HSE.1, HSE.22.1)

Local Law or Code Requirement

Decision 1246/QĐBYT, Art 6; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks HSE.1, and HSE.22)

Recommendations for Immediate Action

1. Ensure record food sampling if Sunday worked, and keep them for 72 hours with the quantity of food samples are at least 150g at 0 to 4oC

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1>Improved. Please see the attached file
- 2>finding will be removed by FLA

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Remediated: Factory keeps food samples from Sundays.
2. Remediated: Factory keeps food samples at 150g for 72 hours.

PREVIOUS FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

About 80% of exits are latched during the working hours. In addition, as reported, most of the emergency exits are usually closed or locked during lunch time even though workers take naps during this time inside the factory building. There is only one small exit guarded by security guard that is kept open. Workers were also scared about their safety if a fire occurs (there was an electric overload issue in July 2017 while workers were inside of the production building, and workers had to stop working on that day), so it is hard for them to escape from the production building through a small available exit. The factory explained that because of no security guard stationed at those exits, they have to keep them locked. (HSE.1, HSE.5.1)

Exit at the cutting area was blocked by bags of wastes and fabric debris. (HSE.1, HSE.5.1)

Fire alarm calling points are blocked at maintenance area, cutting area, sewing area, and packing area, at finished goods warehouse. (HSE.5.1, HSE.6.1)

The factory has not equipped fire extinguishers at hazardous waste storage area. In addition, fire extinguishers are blocked by scaffold at parking area. (HSE.1, HSE.6.1)

The fire alarm indicator does not show the correct locations when fire alarm is triggered. (HSE.5, HSE.6)

The factory does not equip back-up power source for fire alarm indicator. (HSE.6.1)

The factory puts fragrance sticks on worship area and table against the cartons at the packing section. (HSE.1)

The factory keeps finished goods against the wall. (HSE.5.1)

Fire drill was conducted in April 2017, but it did not follow any supposed fire scenarios set-up in the factory's fire production plan. Also, it is not coordinated with the first aid team or with fire truck. (HSE.5)

The factory does not have fire alarm, smoke detectors, and sprinkler inspected by the competent agency. (ER.2, HSE.5)

Workers are blocked at their work station. (HSE.5.1)

The factory has not equipped spare fire extinguisher in the facility. (HSE.6.1)

The workers said that there was a small fire happened one day recently due to the electric power overloaded. However, there is no investigation and corrective action plan made. The factory said that there was no fire only electric issue and only the notes of the case from security guards kept but also took the factory for hours to locate such notes. (HSE.1)

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138; Vietnam Standards TCVN 3890:2009, Art 5.1.7; TCVN 5738:2001, Art. 5; TCVN 7435-1:2004, Art. 5.4; Decision 2726/BKHCN Art 5.1; Circular 66/2014/TT-BCA Art 12.4.a; QCVN 06/2010/BXD, Art 3.2, FLA Workplace Code and Benchmarks (Employment Relationship Benchmark ER.2; Health, Safety and Environment Benchmark HSE.1, HSE.5.1, and HSE.6.1)

Recommendations for Immediate Action

1. Ensure all exits are not latched and can be opened freely during the working hours.
2. Ensure exits are free of obstacles to easily escape the cutting area in case of emergencies.
3. Ensure all fire alarm calling points are free to access at all time.
4. Ensure all fire extinguishers were unblocked and equip fire extinguishers at hazardous waste storage area.
5. Ensure the fire alarm indicator shows the correct locations when fire alarm triggered.
6. Equip back-up power source for fire alarm indicator.
7. Move worship area, table with fragrance sticks out of the cartons at the packing section.
8. Separate finished goods from the wall.
9. Ensure fire drill is conducted following any fire scenarios in the factory's fire production plan and coordinating with the first aid team or with fire truck.
10. Inspect smoke detectors, and sprinkler by the competent agency.
11. Ensure workers are free to evacuate from their work station at all time.
12. Equip spare fire extinguisher in the factory.
13. Ensure that all fire cases are recorded and have the corrective action.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1>Improved. Factory installed the new tools for exit doors; Please see the picture attached

2>Improved. Please see the picture attached

3>Improved. Please see the picture attached

- 4>The fire extinguisher will be installed at hazardous waste storage area; fire extinguishers at parking area are improved. Please see the picture attached
- 5>Improved. Please see the picture attached
- 6>Improved. Please see the picture attached
- 7>Improved. Please see the picture attached
- 8>Improved. Please see the picture attached
- 9>During the drill conducted in Apr 2017, office area did not involve in drill as set up in fire drill plan. This will be improved for fire drill held in April 2018
- 10>Improved. Please see the contract attached
- 11>Improved. Already mentioned at 12.3.2
- 12>We have provided fire extinguishers according to regulations. please see the picture.
- 13>Factory confirms there was an electric issue not a fire as mentioned. Factory already had it fixed at once. The investigation and corrective action plan will be made for record.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Not Remediated: The factory installed a small emergency exit door next to a big rolling door. During the working time, the rolling door was closed and were locked during lunch time. The interviewed workers feel like it would be hard for them to escape from the production building through a small exit in the event of an emergency. [HSE.1, HSE.5.1]
2. Not Remediated: The exit routes in the sewing section and ironing sections were either fully or partially blocked by shelves, chairs, workers working station, or goods. [HSE 5.1]
3. Partially Remediated: At least one fire alarm button was fully obstructed by goods and carton boxes at the cutting section. [HSE.5.1, HSE.6.1]
4. Remediated: Fire extinguishers have been installed at the hazardous waste storage areas. They are free from blockage.
5. Remediated: The fire alarm indicator is working properly and showed the correct locations when the fire alarm is triggered.
6. Remediated: Back-up power source is available for the fire alarm indicator.
7. Remediated: The factory has relocated the altar and fragrance sticks to the location outside the workshop.
8. Remediated: The factory no longer keeps finished goods against the wall.
9. Remediated: The external fire drill was conducted in March 2019 with all the content, which was coordinated with Fire Police, first aid team, and the fire truck.
10. Remediated: The factory has the fire system, that includes a fire alarm, smoke detectors, and sprinkler inspected by the competent agency.
11. Not remediated: There are still workers at the workstation being blocked. [HSE 5.1]
12. Remediated: The factory has prepared 15 spare fire extinguishers.
13. Remediated: Based on the gathered information, there was no electrical or fire related incident happened after last assessment. There is also a policy to investigate the root cause and formulate the corrective action plan.

Local Law or Code Requirement

National Standard (QCVN) No. 06:2010/BXD (Vietnam Building Code on Fire Safety of Buildings; Item 11.6.1, National Standard (TCVN) No. 439/BXD-CSXD; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks HSE.1, HSE 5.1, HSE 6.1, HSE 17.1 3.3.1)

Recommendations for Immediate Action

1. Ensure that exits gates remain open during the lunch break and exit doors shall not be locked during working hours.
2. Ensure that workstation and exit routes are free from obstruction.
3. Fire alarm button shall be free from obstruction.

PREVIOUS FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory uses repair tape to connect electric wires. (HSE.13)

The factory has not grounded metal detector and grinding machines. (HSE.14, HSE.13)

There is no label on circuit breakers to identify the source and there is no isolated mat equipped in front of control panels. (HSE.13)

The factory does not provide dust mask to workers. Workers equip the medical or dust masks themselves. As observed, about 80% of sewing, cutting, and heat transfer workers do not wear mask when working. (HSE.7, HSE.8)
Bending cutting operators use one metal glove instead of two. (HSE.7)

Local Law or Code Requirement

Circular No. 04/2014/TT-BLDTBXH, Art. 4, 5; Vietnam Labor Code 2013, Art 138.1; FLA Workplace Code and Benchmarks (Health, Safety and Environment HSE.7, HSE.8, HSE.14 and HSE.13)

Recommendations for Immediate Action

1. Ensure that repair tape is not used to connect electric wires.
2. Ensure metal detectors and grinding machines are grounded.
3. Post label on CB to identify the source and equip isolated mat in front of control panels.
4. Provide dust mask to workers and ensure they wear mask when working.
5. Ensure bending cutting operators use two metal glove when operating.
6. Established procedure to define necessary PPE should be equipped for each position.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1>will be improved
- 2>Factory will check and improve this finding.
- 3>will be improved
- 4>this finding is already mentioned at No. 9.13.13
- 5>This is continuously implementation.. Pls see the attached file

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Remediated: During the assessment, the assessors not that none of the electrical wires were repaired with tape.
2. Remediated: The factory has grounded the metal detector and grinding machines.
3. Remediated: The circuit breaker has been labelled and isolated mats are available in front of the electrical panels.
4. Not Remediated: PPE allocated records did not include the provision of dust masks for workers at several sections such as: sewing, cutting, and heat transfer. The interviewed workers reported that they would buy mask themselves and use them if they felt uncomfortable. Workers at these sections were not wearing masks when working. (HSE.7, HSE.8)
5. Remediated: Bending cutting operators are using two hand gloves.

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138.1; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks HSE.7, HSE.8)

Recommendations for Immediate Action

1. Provide proper PPE to workers and provide necessary training for them to use it.

PREVIOUS FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Pallets in the factory are kept at vertically instead of flat side. (HSE.1, HSE.14.1)

The factory does not properly set-up the clinic room and first aid space in the factory. There is a room called the clinic, but no first aid or medical facilities, only one bed is there. (HSE.1, HSE.18)

There are insufficient first aid supplies (quantity and quality) as prescribed in all first aid kits. (HSE.1, HSE.6.1)

A part of roof at the cutting corner of the sample room was nearly falling down. (HSE.1, HSE.14.1)

The provided investigation reports in 2016 do not include the root causes defined for injuries. (ER.1, ER.31.2.5)

The factory has not monitored, investigated and reported minor injuries. (ER.31, HSE.3.2)

The factory does not have the principle to accommodate the workers with chronic illness and diseases. (ND.12)

The factory has not monitored laser or acetone when they have had working condition inspections; it is observed that there are laser and acetone emissions at laser cutting room and stain removing area. (HSE.9, HSE.1)

The factory has neither conducted the recruitment health check nor occupational health check for workers. (HSE.1, ER.31)

The factory has not monitored any health aspects of workers. (HSE.1, ER.31)

The factory has not defined a vice leader of fire-fighting team, as required by law. (HSE.1, HSE.6)

Group 6 does not have representatives at sewing lines 16 to 22 while each production line should have one representative to be the member of Group 6 Sanitation and Safety network as prescribed. (HSE.1)

No toilet paper is equipped for workers at the toilets. (HSE.20)

The factory does not label tagging guns with user name and they are shared among users, which poses a blood pathogen risk to workers. (HSE.16)

Local Law or Code Requirement

Law No. 84/2015/QH13, Art 7.2.e, Art 21 and Art. 35; Vietnam Labor Code 2013, Art. 138.1 and Art 152; Circular. 19/2016/BYT, Art. 8, annex 4; Decree 45/2013ND-CP Art 13; Vietnam Labor Code 2012 Art. 142 and Art. 152; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks HSE.1, HSE.2, HSE.3.1, HSE.6, HSE.9, HSE.14.1, HSE.16, HSE.18 and HSE.20; Non Discrimination Benchmark ND.12; Employment Relationship Benchmarks ER.1 and ER.31)

Recommendations for Immediate Action

1. Equip sufficient first aid supplies as prescribed in all first aid kits.
2. Repair a part of the roof at the cutting of the sample room.
3. Monitor laser and acetone when the working condition inspection is conducted.
4. Conduct the recruitment health check and occupational health check for workers.
5. Provide toilet papers for workers at the toilets.
6. Label tagging guns with user names and tagging gun should not be shared among users.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1>Improved. Please see the attached file.

2>Improved. The medical room is provided with medical facilities like hydrogen, bandit...Please see the attached pictures.

3>Improved. Please see the picture and the list attached.

4>Improved. Please see the picture attached

5>Pls refer to attached file about injury report with root causes investigated.

6>will be improved

7>will be improved

8>Improved. Factory already had this area tested and the result is in the requirement of Vietnam law. Please see the attached file

9>We conduct a health check twice a year for all employees.

In addition, We also buying additional health insurance (PVI insurance card) for all workers, who work 24 month in the company. This is an extra regime for workers, which is not required by labor law.

With this card, the workers can check the health of any hospital and the cost will be refunded by PVI insurance (the Workers have about 7.000.000 VND (318\$) per year for health checks).

10>will be improved

11>Vice leader of fire-fighting team will be elected in March 2018.

12>Line 16 to 22 was new lines after the Group 6 was set up. That is why line 16 to 22 do not have representatives. This issue will be improved

13>We will have a plan for next years.

14>Improved. Please see the picture attached

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Remediated: During the assessment, pallets in the factory were properly stored in a flat manner.
2. Remediated: The clinic room was found with medical facilities; there were at least two beds available.
3. Not Remediated: It was noted that first aid kits still had insufficient first aid supplies. It was missing arm, leg, and neck brace, protective glasses, forceps, and six sizes of band aids. (HSE.1, HSE.6.1)
4. Remediated: Factory has renovated the workshop. No cracks on the workshop were noted and no part of the roof had a risk of collapsing.
5. Remediated: Based on the records provided, the root causes are defined for injuries and included on the investigated reports.
6. Remediated: The factory has set up a system to monitor, investigate and report minor injuries.
7. Remediated: The factory had established a policy to accommodate workers with chronic illness and diseases.
8. Remediated: The laser and acetone emission at laser cutting room and stain removing areas were monitored and inspected on the latest environmental assessment report and was in line with requirement.
9. Remediated: The factory has conducted health checks regularly and occupational health check for workers handling hazardous materials.
10. Remediated: The factory conducts regular health checks and monitors the health of workers.
11. Remediated: The factory has two vice leaders for the fire-fighting team.
12. Remediated: Group 6 representatives were available at each line, including sewing lines 16 to 22.
13. Remediated: Toilet paper is provided to workers.
14. Remediated: The tagging gun was properly labelled and not shared among workers.

Local Law or Code Requirement

Circular No. 19/2016/TT-BYT, Article 6; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmarks HSE.1, HSE 6.1)

Recommendations for Immediate Action

1. Ensure that first aid kits are equipped with sufficient first aid supplies.

PREVIOUS FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

There is no water saving practice observed in the factory. Running water is not turned off when not in use in both male and female toilets. (HSE.1, ER.31)

The factory has not monitored the following as committed in the factory's environmental protection plan: chemical oxygen demand, total nitrogen and total phosphorous of waste water. (HSE.1, ER.31)

The factory has not obtained a water discharge permit. (HSE.4)

The factory has not classified the wastes in the workshops. (HSE.1, HSE.4)

The factory has not treated the air emission discharged from laser cutting machines. (HSE.1, ER.31.3)

Local Law or Code Requirement

Decree No. 38/2015/NĐ-CP, Art.15, Art.37; Law no.55/2014/QH13, Art 102; FLA Workplace Code and Benchmarks (Health, Safety and Environment Benchmark HSE.1 and HSE.4; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Turn off running water when not in use at both male and female toilets.
2. Ensure some elements such as COD, total Nitrogen and total Phosphorous of waste water are committed with the factory's environmental protection plan.
3. Obtain the waste water discharge permit.
4. Classify wastes in workshops.

5. Treat air emission discharged from laser cutting machines.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1>Valve is installed to turn off water running when not in use. Please see the picture attached
- 2>Improved. Please see the test result attached
- 3>have conducted in 2018
- 4>Waste is collected and classified after that. Please see the picture attached.
- 5>Factory had conducted quarterly environmental testing (including air emission for all machines/section) and it's in accordance with government standards.

Company Action Plan Update

- 1>Valve is installed to turn off water running when not in use. Please see the picture attached
- 2>Improved. Please see the test result attached
- 3>have conducted in 2018
- 4>Waste is collected and classified after that. Please see the picture attached.
- 5>Factory had conducted quarterly environmental testing (including air emission for all machines/section) and it's in accordance with government standards.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Remediated: There was water saving practice noted and workers had basic awareness on the water, energy saving and recycling program within the facility such as electrical, paper, water and so on. Running water was turned off at the toilet and canteen when they were not in use.
2. Remediated: Factory conducted the Surrounding Environmental Monitoring Assessment Inspection and the latest one was in July 2019, the chemical oxygen demand, total nitrogen level and total phosphorous level of wastewater were monitored.
3. Remediated: It was noted the water discharge permit was obtained.
4. Remediated: The hazardous waste and solid waste were classified and segregated in the workshops.
5. Remediated: The air emission from laser cutting machines is treated. The working environment inspection and analysis dated in October 2018 showed that the results are in compliance with the requirement.

New Findings and Action Plans

NEW FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

There was no visual fire alarm installed for workers in the embroidery or pressing section with high noise level. [HSE.5, HSE.6]
There is no fire assembly point within the facility. [HSE.5, HSE.6]
Several emergency exit doors at the packing section, finished goods warehouse, and the pressing room are sliding/rolling or open inward instead of opening outward doors. [HSE.5, HSE.6]
Evacuation maps are missing the locations of the first aid kit. Besides, there are two evacuation maps at the Cutting and Packing area are not reflected in the actual layout of the designated emergency exit doors. [HSE.5]
The floor marking at the packing section are not updated and the markings at the finished goods warehouse do not have direction arrows. Several floor markings and directional signs at the sewing section are faded. [HSE.5]
At least one emergency exit light at the sewing area, next to the production office malfunctioned. Besides, the exits at the pressing room do not have an emergency exit light and illuminated emergency exit signs. [HSE.5]
About 50% of illuminated exit signs within facility are not shown in Vietnamese as "LOI THOAT". [HSE.5]

There is no first aid kit in the finished goods warehouse. [HSE.18]

There are no traffic lanes or walking path marked and painted at the facility. [HSE.19]

Local Law or Code Requirement

Decision No. 2726/QĐ-BKHCN National Standard (TCVN) Item 5.1.1; National Standard (TCVN) No. 3890-2009: Vietnam Standard No. TCVN 5738:2001; National standard (TCVN) No. 2622:1995; Vietnam Standard No. TCVN 2622:1995, Part 7, Point 7.24, Decree 79/2014/ND-CP, dated on July 31, 2014, Chapter 2, Article 7, Point 1: Circular No. 19/2016/TT-BYT, Article 6; FLA Workplace Code (Health, Safety and Environmental Benchmarks, HSE.1, HSE.5, HSE.6 , HSE.18, HSE.19)

Recommendations for Immediate Action

1. Recommend installing a visual fire alarm in the workshop with high level noise.
2. Recommend designating a fire assembly point in the facility.
3. Recommend emergency exit doors open outward.
4. Recommend that the evacuation plot plan shall include sufficient and accurate information.
5. Recommend the factory ensure proper floor markings and directional signs are available at the facility.
6. Recommend the factory ensures functional emergency lighting and exits.
7. Ensure signs are available at the workshop.
8. Recommend the factory to ensure exit signs are in the local language.
9. Recommend the factory to ensure a first aid kit is available in the finished goods warehouse.
10. Recommend the factory to ensure proper markings for traffic lanes and walk path at the facility.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.The factory installed the visual fire alarm in January, 2020.

Note: the noise at those section is not high, so the factory didn't prioritized this finding improvement.

2.The factory installed the fire assembly point near the gate.

3.packing section: the factory installed a lock to prevent the sliding door automatically closes during working hours; Finished good warehouse: They will install another exit door toward the raw material warehouse in January, 2020.

(Note: a few workers working at this area with low frequency, so the factory didn't prioritized this finding improvement);Pressing room: they adjusted the opening way of the exit door (from inward to outward).

4.At the end of December, the new evacuation maps will be installed.

5.the factory renovated all the floor markings and directional signs.

6.the emergency light was repaired at sewing area; the emergency exit light and illuminated exit signs at the exits of Pressing room were installed.

7.The factory changed all the old exit signs to new exit signs including Vietnamese name.

8.the first aid kit was equipped at the finished goods warehouse.

9.the factory will draw the traffic lanes in February, 2020.

Note: the cars/ trucks/ forklifts just move in the areas where the employees don't walk through , so the factory didn't prioritized this finding improvement

Planned completion date

10/13/19

Company Action Plan Update

1. The factory installed visual fire alarms.

2.The factory installed the fire assembly point near the gate.

3.1 The packing section: the factory installed a lock to prevent the sliding door automatically closes during working hours

3.2 They installed another exit door toward the raw material warehouse.

3.3 Pressing room: they adjusted the opening way of the exit door (from inward to outward)

4.The new evacuation maps was installed

5.the factory renovated all the floor markings and directional signs

6.1 the emergency light was repaired at sewing area

6.2 The emergency exit light and illuminated exit signs at the exits of Pressing room were installed.

7.The factory changed all the old exit signs to new exit signs including Vietnamese name

8.the first aid kit was equipped at the finished goods warehouse

9.the factory drew the traffic lanes

Action Plan no 2.

Description

1. Recommend installing a visual fire alarm in the workshop with high level noise.
2. Recommend designating a fire assembly point in the facility.
3. Recommend emergency exit doors open outward.
4. Recommend that the evacuation plot plan shall include sufficient and accurate information.
5. Recommend the factory ensure proper floor markings and directional signs are available at the facility.
6. Recommend the factory ensures functional emergency lighting and exits.
7. Ensure signs are available at the workshop.
8. Recommend the factory to ensure exit signs are in the local language.
9. Recommend the factory to ensure a first aid kit is available in the finished goods warehouse.
10. Recommend the factory to ensure proper markings for traffic lanes and walk path at the facility.

Planned completion date

10/13/19

Company Action Plan Update

1. The factory installed visual fire alarms.

2.The factory installed the fire assembly point near the gate.

3.1 The packing section: the factory installed a lock to prevent the sliding door automatically closes during working hours

- 3.2 They installed another exit door toward the raw material warehouse.
- 3.3 Pressing room: they adjusted the opening way of the exit door (from inward to outward)
- 4.The new evacuation maps was installed
- 5.the factory renovated all the floor markings and directional signs
- 6.1 the emergency light was repaired at sewing area
- 6.2 The emergency exit light and illuminated exit signs at the exits of Pressing room were installed.
- 7.The factory changed all the old exit signs to new exit signs including Vietnamese name
- 8.the first aid kit was equipped at the finished goods warehouse
- 9.the factory drew the traffic lanes

NEW FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The factory has not established a wage scale for 2019. [ER.1]

Factory did not provide a paid short break during the working hours for workers. [HOW.1, HOW.3]

There were several workers who arrived at work earlier than the start time, arriving from 45 minutes to 2 hours earlier, (time in at 6:00am or 7:18am), however, factory did not calculate pay for these extra working hours [C.1, C.2, C.7]

There are no documents that define the calculation method of the seniority allowance. Based on the provided payrolls, at least three workers were provided seniority allowance from VND200,000 (USD 8.64) to VND 300,000 (USD 12.95), which were not added to the basic salary to calculate and contribute to the social insurance.

The factory combined the responsibility allowance into the performance bonus and monthly compulsory allowance (for captain and vice captains of the fire fighting team) into the seniority allowance. This can cause the wrong amounts to be included in the basic salary to calculate and contribute social insurance accurately as required by law. [C.1, C.5]

Local Law or Code Requirement

Circular 28/2007/TT-BLDTBXH dated on December 5, 2007; Labor Code of Vietnam No. 10/2012/QH13, Article 97, Point 1; Decision no. 595/QĐ-BHXH dated on April 14, 2017; FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER.1; Hour of work Benchmarks, HOW.1; Compensation Benchmarks, C.1, C.2, C.5 and C.7)

Recommendations for Immediate Action

1. Properly establish wages scale for 2019.
2. Properly provide the short break during the working hours.
3. Ensure that workers are properly compensated for all hours worked.
4. Ensure that proper documentation and supporting document for calculation of the seniority allowance and include them in the basic salary to calculate and contribute the social insurance. The basic salary used to calculate the social insurance contribution shall include all fixed allowances.
5. Calculate and contribute the social insurance contribution accurately as required by law. [C.1, C.5]

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.The factory referred the government agency about Wage scale in 2019, but the government replied they just approved the wage scale for within 1st quarter in 2019 . So the factory will establish Wage scale for 2020 in 1st quarter in 2020.

2. The factory didn't decide the fixed short break time but they let the employees take the short break flexibly.

3. Not yet improved. The factory explained that they always open the gate for employees enter and let the employees check in by the electronic timekeepers to prevent too many people check in at the same time. the factory defines the working hour starts at 8 am.

Through workers' s interview, some workers go to work early because they live far from factory or they take their children to school...

Planned completion date

10/13/19

Company Action Plan Update

4th and 5th finding: the factory separated the responsibility allowance and other allowances from seniority allowance.

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

At least three labor contracts signed with workers from March 2015, May 2016, January 2017, are still based on the standard of Circular No 21/2003 instead of Circular 30/2013. Changes in the law include elements for participating in compulsory insurance, contents required in employment contracts, and procedures for invalidating employment contracts, [ER.1, ER.2]

The monitoring system for subcontractors, for example canteen, security service, etc. were only focused on health and safety requirements. There is no proper monitoring system for other aspects of the compliance status. Besides, the subcontractors were not properly communicated with the code of code and have not signed the social compliance commitment. [ER.1]

Local Law or Code Requirement

Circular No. 30/2013/TT-BLDTBXH dated on 25 October, 2013; FLA Workplace Code and Benchmarks (Employment Relationship Benchmarks ER.1 and ER.2)

Recommendations for Immediate Action

1. The factory to ensure that all labor contracts signed with workers are up to date with the law and that they are implemented legally.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory used new laws to compose the employees' contracts or appendix contracts

Planned completion date

10/13/19

Company Action Plan Update

The factory establishes the subcontractors social compliance commitment then the subcontractors were properly communicated with the code of code and signed the social compliance commitment. Beside, the CSR team conduct to check the subcontractors 's compliance status and the factory's department once a month together.