



Verification Assessment

COMPANIES: Burton Snowboards
Volcom
COUNTRY: Vietnam
ASSESSMENT DATE: 09/09/19
ASSESSOR: Social Compliance Services Asia
PRODUCTS: Apparel
NUMBER OF WORKERS: 1531

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	1
Employment Relationship	4
Health, Safety, and Environment	8
Forced Labor	1
Freedom of Association	1

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The labor contracts is missing the required content: basis salary, detail of rest time, detail of tools and Personal Protective Equipment, including shelf-life, that they are entitled, the wage increment, allowances, bonus, and detailed percentage of insurances contribution. ER.1 2. Excessive probation is applied for all production workers (one month instead of 6 days as stipulated in law). ER.1 3. The probation period is applied again for the same job if workers resign and return to work, this is a common practice for workers to return to work. ER.1 4. Job descriptions are not developed for persons responsible for Recruitment and Hiring, Hours of Work, Compensation, Grievance system, Industrial Relation, Workplace Conduct & Discipline, and ultimate responsible person. ER.1 5. There is no system to assess the performance of employees. ER.29 6. Labor contracts are not signed with at least 11 sampled workers out of 50 reviewed personnel profiles, who have less than one year of service with the factory. Also, the appendix of the labor contract is not made and provided to workers when any employment term is changed. All workers do not receive a copy of their contract appendix. ER.1 7. Recruitment age from 18 to 35 as a hiring condition as confirmed by both interviewed workers and group leaders. ER.3, ND.2 8. The factory does not hire any pregnant workers as shared by three sampled group leaders and two workers; the factory said that they do not apply such practice in hiring. ER.3, ER.14, ND.2

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 5, 8, 16, 23, 24, 27(3) and 60; Decree No. 05/2015/ND-CP (2015), Art. 4; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, ER.14, ER.29 and ER.30; Non Discrimination Benchmark ND.2)

Recommendations for Immediate Action

1. Update labor contracts' content as law requirements. 2. Ensure adequate probation applied for production workers as legal requirements. 3. Ensure probation applied one time only for the same job if workers resigned and return. 4. Establish procedure for job transfer. 5. Sign labor contract with all workers and provide them with one copy of labor contract appendix. 6. Discontinue discriminatory hiring practices including age and pregnancy.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory had updated labor contracts' content as law requirements.
2. The factory had adequate probation applied for production workers as legal requirements.
3. The factory had adequate probation applied for production workers as legal requirements.
4. The factory had established job descriptions with persons responsible.
5. The factory will establish system to assess the performance of employees
6. The factory had signed labor contract with all workers and provide them with one copy of labor contract appendix.
7. The recruitment policy has been established to ensure age and marital status are not the conditions of recruitment.
8. The recruitment policy has been established to ensure age and marital status are not the conditions of recruitment.

Company Action Plan Update

06/13/18 : # 1, 2, 3, 4,6, 7, 8: completed. # 5 to be completed on 5/28/2018. 1. Please check file "4.1_4.2_4.3labor contract". 2. Please check file "4.1_4.2_4.3labor contract". 3. Please check file "4.1_4.2_4.3labor contract". 4. Please check file "4.4 job description". 5. To be completed on 5/28/2018. 6. Please check file "4.6 the signature of workers received a copy of labor contract". 7. Please check file "4.7_4.8 the recruitment policy". 8. Please check file "4.7_4.8 the recruitment policy"

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Verification: Partially remediated.

Explanation: The specified base salary for workers is missing in the labor contracts. Other items, including rest time, tools, PPE, wage increment, allowances, bonuses, and insurance contributions are now included in the labor contract. [ER.1]

2. Verification: Remediated.

Explanation: The facility no longer uses probation contracts. They sign 1-month labor contracts with workers and then undefined-term contract with workers.

3. Verification: Remediated.

Explanation: The factory no longer uses probation time.

4. Verification: Remediated.

Explanation: The facility has developed job descriptions for all job positions.

5. Verification: Not remediated.

Explanation: There is still no performance assessment system in place. [ER.29]

6. Verification: Remediated.

Explanation: All employees sign the labor contracts.

7. Verification: Remediated.

Explanation: The recruitment advertisement no longer mentions age requirements.

8. Verification: Not remediated.

Explanation: Based on workers interview, workers reported that the factory still does not hire pregnant workers and that there has not been a pregnant worker at the factory. [ER.3, ER.14, ND.2]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 8, Article 23; Decree 05/2015/ND-CP, Article 4; FLA Workplace Code (Employment Relationship ER.1, ER.29, ER.3, ER.14; Non-Discrimination ND.2)

Recommendations for Immediate Action

1. Include all details related to wages and payment in the labor.
2. Establish a performance assess system and communicate that system to the workers.
3. Create a clear recruitment procedure and communicate that to all workers. Ensure that there are not any discriminatory practices in place.

PREVIOUS FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The following records were not available for review: annual leave records, proof of payment to social bureau for insurances, payrolls for shift working especially the night shift, and payrolls and time records for November 2017 (with time in and out) are not accessible. ER.2 2. Some workers do homework. Home work for simple work is not recorded for working time and is not paid at the overtime premium, they are paid normal piece rate. C.5 3. Sunday work is paid by cash directly two to three days after the overtime arrangement, and no payment records are provided for review. ER.2, ER.23, C.5 4. Insufficient overtime compensation applied: As reported, overtime on Sunday is paid at VND126,000 (USD 6) for piece rate workers (100% of hourly rate instead of piece rate). Also, regular overtime to 22:00 or later is not paid at the overtime rate but at straight piece rate. The overtime is not paid fully for the piece rate workers in finishing, cutting, and QC, it is paid at 50% instead of 150%. Insufficient compensation for Sunday worked and night overtime (OT), holiday overtime to security guard, for Sunday (they are paid for 7 hours per day instead of actual 8 hours of working, night OT is paid at 115% instead of 210%. Night overtime on holiday is paid at 115% instead of 390%. Overtime on the alternate day of the Victory day (April 30) is not paid sufficiently. The factory does not pay the overtime premium for workers for working on this holiday. C.5, C.7 5. There are at least 189 employees who have worked with the factory for more than three months, yet have not received the compulsory insurances including social insurance, health insurance, and jobless insurance. ER.22, ND.3 6. The weekly meeting time, which is from 7:00 – 7.15 every Monday, and downtime that is less than one day is not paid to any worker as all workers get paid piece rate. C.5 7. Additional wage for fire- fighting leaders (one leader and two vice leaders) as legally required is not paid. C.1 8. Insurance and annual leave is not paid into wages for workers who do not join the compulsory insurances, as required by law. C.1; C.5 9. There are at least three cases of five sampled terminated workers not entitled severance allowances. ER.22, C.5 10. The factory does not guarantee minimum wage to security guards as the factory pays them the regional minimum wage for 30 days of work, instead of the legal maximum of 26 days of work. Also, from the factory wage scale, the specified minimum wage for their skill set is not guaranteed. Their specified minimum wage should be VND3,103,000 (USD 141) (regional minimum wage 2,900,000 X skill level of 1.07) but they are paid VND2,900,000 (USD 131.81). In addition, the new minimum wage from 2017 is not guaranteed to security guards in the month of January 2017 as the factory is still applying the minimum wage for 2016 for January 2017, which is VND2,700,000 (USD 122.73). C.2 11. Night allowance is not paid to security guards or workers working in night shifts. C.5 12. Annual leave, holidays, wedding leave, and funeral leave are not paid sufficiently for workers in the months which standard working days are less than 26 days, such as 24 days for February. The factory uses 26 days to calculate the daily wage for every month. C.5, C.7 13. The factory does not provide child allowance for workers who have children in the kindergarten age. C.5

Local Law or Code Requirement

Vietnam Labor Code 2013, Art. 5(1), Art 97, 98, 154; Decree No. 45/2013/ND-CP, Art. 3; Law No. 58/2014/QH13, Art 2; Decree 49/2013/ND-CP, Art 7; Decree 79/2014/ND-CP, Art 35.3; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.22; Compensation Benchmarks C.1, C.2, C.5, C.6, and C.7; Non-discrimination Benchmark ND.3)

Recommendations for Immediate Action

1. Ensure all the required records should be available at all times for assessment.
2. Discontinue home workers if the factory does not have a proper system to control working hours, payment or a system to ensure no child labor is used in home work.
3. Ensure all weekly working time and Sunday work are reflected on the time record system and paid on payroll.
4. Ensure overtime is paid by piece rate at a premium rate as legally required.
5. Provide compulsory security insurance for all workers.
6. Pay workers for weekly meeting time and downtime.
7. Pay additional wage for firefighting leaders.
8. Pay the insurance and annual leave into wages for workers who choose not to join compulsory insurances.
9. Pay severance allowances to workers who have their employment terminated.
10. Ensure security guards are paid the minimum wage. Ensure the new minimum wage of 2017 is guaranteed to security guards in January 2017.
11. Pay night allowance to security guards for night shift working.
12. Pay annual leave, holidays, wedding leave, and funeral leave sufficiently for

workers in the months which standard working days are less than 26 days. Provide child allowance for workers with children in the kindergarten age.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory has established document control policy and procedure.
2. Worker didn't do homework. All works were conducted at the company.
3. All weekly working time and Sunday work should be reflected on the time record system and paid on payroll.
4. Overtime was paid by piece rate at a premium rate as legally required.
5. 10% of these workers are up to retirement and the rest are unwilling to join the insurance although the factory has informed them to join the insurance. The factory had paid the insurance into wages for workers who choose not to join compulsory insurances.
6. The factory had paid workers for weekly meeting time and downtime (if have).
7. The factory paid additional wage for firefighting leaders as legally required.
8. The factory had paid the insurance and annual leave into wages for workers who choose not to join compulsory insurances.
9. The factory paid severance allowances to workers who has their employment terminated as legally required.
10. The security guards had been paid the minimum wage.
11. The factory paid night allowance to security guards for night shift.
12. Annual leave, holidays, wedding leave, and funeral leave had been paid sufficiently for workers in the months.
13. The factory provided child allowance for workers who have children in the kindergarten age.

Company Action Plan Update

06/13/18 : 1. Please check file "7.1 the document control policy"/ 2. Please check file "7.2 worker didn-t do homework rule". 3. Please check file "7.3_7.4_7.6 the working of hours and the wage payment policies". 4. Please check file "7.3_7.4_7.6 the working of hours and the wage payment policies". 5. Please check file "7.5 The factory had paid the insurance into wages for workers who choose not to join compulsory insurances". 6. Please check file "7.3_7.4_7.6 the working of hours and the wage payment policies". 7. Please check file "7.7 wage for fire- fighting leaders". 8. Please check file "7.8 The factory had paid the insurance and annual leave into wages for workers who choose not to join compulsory insurances". 9. Please check file "7.9 the severance allowance". 10. Please check file "7.10_7.11 the salary payment of security guard". 11. Please check file "7.10_7.11 the salary payment of security guard". 12. Please check file "7.12 wage & benefit policy". 13. Please check file "7.13 child allowance for workers who have children in the kindergarten age".

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Verification: Remediated.

Explanation: The annual leave records, proof of payment to social bureau for insurances, payrolls for shift working especially the night shift, and payrolls and time records for the appropriate review period were all available to review.

2. Verification: Remediated.

Explanation: During the assessment, there was no evidence of showing that workers did homework.

3. Verification: Not remediated.

Explanation: Worker interviews confirmed that Sunday work is still arranged and workers are paid in cash. However, there was no

documents provided for review that showed there was Sunday work. [ER.2, ER.23, C.5]

4. Verification: Not remediated.

Explanation: Workers' Sunday hours were not available for review therefore could not be confirmed. Security guards have incorrect hours recorded and incorrect payment for Sunday night overtime. For example, it was recorded 9 hours of overtime work, instead of the actual 14 hours worked on Sunday night, and 14 hours recorded instead of the actual 16 hours worked overtime on Sunday day time. [C.5, C.7]

5. Verification: Partially remediated.

Explanation: Some workers have been contributing to the social insurance, however, there are around 100 workers who did not contribute to the compulsory social insurance. [ER.22]

6. Verification: Remediated.

Explanation: There is no weekly meeting arranged.

7. Verification: Remediated.

Explanation: Factory provided sufficient allowance to Captain and vice captains of firefighting team.

8. Verification: Partially remediated.

Explanation: Workers who do not join the compulsory insurance were paid an additional 21.5% of legal minimum wage which does not include all compulsory allowances, such as hazardous allowance, and skill allowance. [C.1, C.5]

9. Verification: Remediated.

Explanation: Severance allowance was sufficiently paid to resigned workers.

10. Verification: Remediated.

Explanation: All workers and security guards are guaranteed with legal minimum wage.

11. Verification: Remediated.

Explanation: The night allowance was paid to security guards. No workers are working the night shift.

12. Verification: Remediated.

Explanation: Factory had registered in their CBA the calculation method using 26 days for the entire year and the CBA was approved by the bureau.

13. Verification: Remediated.

Explanation: Factory provides the child-care allowance to workers who have children under age of six years old.

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 97, Circular 23/2015/TT-BLDTBXH, Article 6, Article 7, Article 8; Law No. 58/2014/QH13, Art 2; Decree 49/2013/ND-CP, Art 7; FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmarks C.1, C.5, C.7)

Recommendations for Immediate Action

1. It is recommended that factory shall sufficiently calculate and pay workers the premium rate for overtime on Sunday and night time for all workers, including security guards. Additionally, the factory shall provide back payments to those workers who worked these hours and were not compensated correctly.
2. Accurately record Sunday work hours to ensure that payment is correct. Have these records available for review.
3. Contribute social insurance for all eligible employees.
4. Sufficiently calculate and pay insurance in the payroll to workers who do not contribute social insurance.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Computerized time record system is not accessible although the assessors requested them several times. Time records with time in and out for November 2016 to March 2017, and for May to December 2017 were not accessible. Although the assessors kept reminding the factory to provide time records for review, only fourteen samples or 20% of required samples of time records with time in and time out were provided for review. ER.2 2. There is no procedure to set up hours of work and no procedure to calibrate the time record system to ensure accuracy. ER.1, HOW.1 3. No menstruation break is provided to female workers, but the factory compensates for the lack of break. HOW.3 4. Shift working schedule is not included into the factory regulations or aligned with workers on the labor contract. ER.1, ER.16 5. The factory does not track workers with chronic diseases and does not have system to accommodate those workers. ND.12

6. Overtime control procedure is not established. Overtime is arranged on a daily basis at one hour per day. ER.23, ER.24, HOW.1 7. There are inconsistencies between the time records and payrolls, disciplinary records, security log books, production records and worker testimonials for Sunday work and late weekday overtime worked. 1. There is no Sunday worked showed on the provided time records and payrolls, while from the disciplinary records, security log books production records and testimonials, Sunday worked happens once or twice a month during the review period. 2. Off clock work was found on the production records such as Monday Jan 2, 2017 of the warehouse records of workshop 1 and 2 (record of providing of spare part of machine) or September 10, August 6 found on the warehouse records of workshop 3 (record of providing of spare part of machine); 3. Some pregnant workers were interviewed on the first day of the assessment at 16:25 while they were working. However, their time records showed that they left the factory at 15:00 on that day; 4. From the provided time records and payrolls, workers from downing section, QC and technical sections worked from 7:00 to 16:00, however, their disciplinary records noted that they worked in shifts and some night shifts, which is different from those shown on the provided time records; 5. One worker was sent to the hospital on March 7, 2017 at 9:00 by the emergency ambulance, but her time records showed that for all the days she worked in March, she left the factory between 16:00 to 17:01; 6. One worker confirmed that he joined the factory in April, 12, 2017 in the workshop 2 and was transferred to work in the workshop 3 the last few days of the first month. But his time records and payrolls only showed that he did not work the last week of April. 7. From the testimonials, weekly overtime was normally arranged till 20:00 and up to 22:00 if urgent shipments at sewing lines, finishing lines at all workshops, but from the provided time records, overtime is normally arranged to 17:00 only. Further, time records with time in and time out of all the samples that factory provided do not match with the summary of working days and overtime hours shown on the provided payrolls. 8. From the camera system observed in the meeting room, some workers in all departments from sewing to cutting or finishing work until 17:45 on the first day of the assessment, while from the provided time records and from the factory management testimonials, overtime was to 17:00 only. 9. The factory could not explain the reasons behind the detected discrepancies about the working hours, Sunday worked and weekly overtime hours. C.5, ER.23, HOW.2 8. Short tea breaks are not provided to workers. HOW.3 9. Seventh day of rest is not guaranteed to workers. Sunday work was arranged once to twice a month in the last six months. HOW.2 10. The working time posted in the factory regulation is regular working time plus overtime (9 hours instead of 8 hours/day). HOW.8 11. Excessive regular working hours as shown on the factory regulation posted at the main gate and as per the awareness of all interviewees. HOW.8 12. Overtime break is not provided if worker works overtime for 2 or more hours a day. HOW.3 13. Elderly workers (six at the time of the assessment) and pregnant workers from the seventh month of pregnancy work excessive regular working time and work overtime. ER.14, HOW.1, HOW.4

Local Law or Code Requirement

Vietnam Labor Code 2013, Art. 108, Art. 110, Art.155, Art.166 and Art. 119; Decree No. 45/2013/ND-CP, Art. 3 and Art. 5; Circular No.19/2016/TT-BYT, Art.2; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.14, ER.16, ER.23, ER.24; Hours Of Work Benchmarks HOW.1, HOW.2, HOW.3 and HOW.8; Compensation Benchmark C.5; Non-Discrimination Benchmark ND.12)

Recommendations for Immediate Action

1. Ensure computerized time record system and time records can be accessible at all time. 2. Establish procedure to set up for hours of work and procedure to calibrate the time record system. 3. Provide menstruation break to female workers. 4. Include shift working schedule into the factory regulations and align with workers on their labor contracts. 5. Track worker's chronic diseases and establish system to accommodate those workers. 6. Establish overtime control procedure. 7. Ensure the actual working time is recorded into the time record system. 8. Provide short tea breaks to workers as legal requirement. 9. Ensure the seventh day of rest is provided to workers. 10. Ensure that workers only work 8 hours per day. 11. Provide overtime break if overtime is at or over two hours a day. 12. Shorten the working time to 7 hours per day and do not give overtime work to elderly and pregnant workers from the seventh month of pregnancy.

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Verification: Remediated.

Explanation: During the opening meeting, the HR Manager confirmed that recent 12 months payrolls and time records could be accessed without any disruption. The factory provided 12 months worth of payrolls and time records to review.

2. Verification: Not remediated.

Explanation: The facility does not have working hours procedures available to review. [ER.1]

3. Verification: Not remediated.

Explanation: No menstruation break is provided to female workers. The factory continues to compensate these workers for the lack of break. [HOW.3]

4. Verification: Not remediated.

Explanation: The shift working schedule is not included in the factory regulations for any staff, including canteen and security staff. [ER.1,

ER.16]

5. Verification: Not remediated.

Explanation: There is no chronic diseases tracking or accommodation system in place. [ND.12]

6. Verification: Not remediated.

Explanation: There was no overtime control system in place. Overtime is arranged on a daily basis at one hour per day. [ER.23, ER.24, HOW.1]

7. Verification: Not remediated.

Explanation: Assessors noted inconsistencies between provided time/payroll records and collected records & information:

-Based on workers interview, workers reported being allowed to work overtime after clocking out.

- As per bank transfer records, it was noted that the wage transfer amounts were lower than the amount on the payroll in various month, such as Feb, April, May, June, 2019. Furthermore, the wages on workers' own records were lower than the wages shown on the payroll. Factory explained that factory paid a part of workers' wage in cash. However, they claimed that due to absence of accountant, factory could not provide cash payment record for the differences until the end of the assessment.

- Based on Canteen records, workers at various sections were working on Sunday (18 August 2019), however, records provided by the factory showed that workers were off on that day.

- As per the 2nd set of payroll records obtained from workshop, assessors found that workers worked completely different hours and had different wages compared to the information on the payroll provided by the facility for the assessment.

- Workers interview also revealed that night overtime was more than the one hour shown on the time & payment records provided and occasional Sunday work is also carried out despite time & payment records reflected that workers were not required to work on any Sunday. [C.5, ER.23, HOW.2]

8. Verification: Not remediated.

Explanation: Short breaks are mentioned in the labor regulation but not provided to workers. [HOW.3]

9. Verification: Not Remediated.

Explanation: Based on review on time records, there is no Sunday work and workers are guaranteed with 1 day off in 7 days. However, time and payment records provided had discrepancies with the record and information obtained by the assessor during the audit indicated work on designated rest days. [HOW.2]

10. Verification: Remediated.

Explanation: Working time noted in the factory regulation does not include overtime. However, in practice, one hour of overtime is added to the daily production plan.

11. Verification: Remediated.

Explanation: Working time as 8 hours were posted publicly at the factory. However, in practice, one hour of overtime is added to the daily production plan.

12. Verification: Remediated.

Explanation: There was no overtime for 2 hours or more arranged to workers on the time records provided.

13. Verification: Partially Remediated.

Explanation: Pregnant workers are provided with the legal benefit of reduced daily working hours at 7 hours per day. However, elderly employees (security guards) are not entitled to reduced working hours. The security guard was regularly arranged to work 24 consecutive hours. [ER.14, HOW.1, HOW.4]

Local Law or Code Requirement

FLA Workplace Code (Hours of Work HOW.1, HOW.2, HOW.3; Employment Relationship ER.1, ER.16, ER.23, ER.24; Non Discrimination ND.12)

Labor Code 10/2012/QH13, Article 23, Article 90, Article 91, Article 97, Article 108, Article 155; Decree No. 45/2013/ND-CP, Article 3 and Article 5.

Recommendations for Immediate Action

1. Establish hours of work procedure and calibrate the procedure for the time record system in place.
2. Provide menstruation break to female workers.
3. Clearly state all working shift schedules in the factory regulations.
4. Track workers with chronic diseases and have systems in place to accommodate the workers.
5. Have appropriate procedures to control overtime.
6. Ensure the time and payroll records are complete and accurately reflect workers' actual working hours and wages.
7. Provide the short break to workers stipulated in the labor regulations.
8. Ensure that elderly workers are entitled to reduced working hours.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no health tracking and monitoring. There is one case of worker experienced emergency first aid, being sent to the hospital in March 2017 as shown on the security log book but not there is no record maintained by the clinic staff. HSE.1, HSE.3 2. Recruitment and occupational health checks are not conducted. HSE.1 3. There is no incident investigation conducted. Also, the root causes of accidents are not analyzed to prevent the reoccurrence. HSE.1; HSE.3 4. There are no career certificates obtained for two factory clinic staff: nurse, physician. HSE.4 5. There is no health check for one of 21 canteen workers. HSE.1, HSE.4

Local Law or Code Requirement

Circular No.19/2016/TT-BYT, Art.2 and Art. 3; Law no.84/2015/QH13, Art 7.2.e, 21; Decree No. 44/2016/NĐ-CP, Art. 18; Circular No.15/2012/TT-BYT, Art. 3; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.3, and HSE.4)

Recommendations for Immediate Action

1. Conduct the health monitoring and tracking. 2. Provide Recruitment and occupational health checks to workers. 3. Ensure incident investigation conducted with root cause analysis toward the incidents defined. 4. Ensure career certificates obtained for all clinic staff. 5. Ensure health check conducted with all canteen workers regularly.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory has conducted the health monitoring and tracking.
2. The factory had conducted health check to all workers.
3. The factory has conducted incident investigation with root cause analysis toward the incidents defined.
4. Career certificates had been obtained for two factory clinic staff: nurse, physician.
5. Health check has been conducted with all canteen workers regularly.

Company Action Plan Update

1. Please check file "13.1 health tracking and monitoring records".
2. To be completed by 5/30/2018.
3. Please check file "13.3incident investigation".
4. Please check file "13.4career certificates of nurse".
5. Please check file "13.5 health check for one of 21 canteen worker".

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Verification result: Remediated.

Explanation: Based on document review, there has been no emergency case that workers were sent to hospital since the last SCI assessment, hence, there was no record maintained.

2. Verification result: Remediated.

Explanation: The results of the health check before recruitment are filed in employee personnel files.

3. Verification result: Remediated.

Explanation: Work-related incident and accidents were investigated and analyzed with documentation.

4. Verification result: Not remediated.

Explanation: The facility did not have the career certificates for the two clinic staff (nurse and physician) available for review. [HSE.4]

5. Verification result: Remediated.

Explanation: All canteen workers are provided with health checkup.

Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.4)

Circular 15/2012/TT-BYT, Article 17, Article 24

Recommendations for Immediate Action

1. Ensure medical staff have certificates that are available to review on request.

PREVIOUS FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is a lack of fire safety vice leader(s) in the firefighting team; there is only one vice leader and one leader to lead the fire-fighting team. There are no responsibilities assigned for the firefighting team. HSE.1, HSE.6 2. There is no designated smoking area for workers and smoking is not controlled well in the entire factory. Cigarette butts are found in the toilets. HSE.1, HSE.6 3. 50% of evacuation maps are missing the positions of fire alarm, and show the wrong positions of first aid kits. One evacuation map in finishing warehouse workshop 3 does not show the correct escape route. HSE.5 4. All new fire alarm buttons are not marked in local language. HSE.6 5. All fire extinguishers equipped in the factory are types B and C. There are no type A or CO2 fire extinguishers equipped in the entire factory. HSE.1, HSE.6 6. Operational instructions for all fire extinguishers are not in local language. HSE.1, HSE.6 7. Sprinkler system or automatic fire extinguishers are not equipped. HSE.1, HSE.5, HSE.6 8. There is no proof of inspection conducted for smoke detectors. HSE.6 9. Gas cylinders in the kitchen are not chained and closed when not in use, which pose the fire risk. HSE.1 10. There is no proper designated storage area for products with alcohol. The factory stores alcohol at the security guard booth, where there is no control over access and is missing the non-smoking warning sign. HSE.9 11. No physical assembly points are designed in the entire factory. HSE.5 12. All fire extinguishers were expired by October 03, 2017. They were inspected on April 3, 2017 with the inspection validation of 6 months. HSE.6 13. 10% of sewing workers are blocked by chairs or products at their work stations. HSE.5 14. 10% finished goods are stored close to electric lights in finished goods warehouse of workshop 1 and workshop 3. HSE.1 15. Only two fire extinguishers are equipped in bike parking areas, which is over 800sqm. Fire extinguishers at the parking area are not marked. HSE.6 16. Emergency exit in cutting section in workshop 1 is blocked by a trolley. HSE.5 17. Corrective actions recommended by the fire policemen force from the last inspection are not remediated. HSE.3; HSE.4

Local Law or Code Requirement

Decree 79/2014/ND-CP Art 13.4, 32.4; Circular No. 66/2014/TT-BCA, Art. 5; TCVN 2622:1995 Art 7.1, 7.5; Vietnam Building Code No. QCVN 06:2010/BXD, Art 3.2.3, 3.3.1; Decision No. 2726/QĐ-BKHCN (2009), Art. 10.1.4; Circular 19/2016/TT-BYT, Annex 4; Law no.84/2015/QH13, Art 7, 21; Decree No. 39/2016/ND-CP, Art 37; Circular No.19/2016/TT-BYT, Art.2 and Art. 3; Law no.84/2015/QH13, Art 7.2.e, 21; Decree No. 44/2016/NĐ-CP, Art. 18; Circular No.15/2012/TT-BYT, Art. 3; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.6 and HSE.9)

Recommendations for Immediate Action

1. Ensure fire safety vice leader(s) assigned in the fire fighting team as legal requirement. Define responsibilities for the fire-fighting team clearly. 2. Design smoking areas for workers and ensure smoking controlled well in the factory. 3. Ensure adequate evacuation maps equipped on the work floor. 4. Ensure all fire alarm buttons marked in local language. 5. Equip adequate fire extinguishers in the factory as legal requirements. 6. Equip operational instructions in local language for all fire extinguishers. 7. Equip sprinkler system and automatic fire extinguishers in the factory. 8. Ensure smoke detectors inspected regularly. 9. Ensure gas cylinders are secured by chain and they should be closed when no used. 10. Store Alcohol at the separate area with the non-smoking sign equipped. 11. Design physical assembly points in the factory. 12. Ensure all fire extinguishers inspected regularly. 13. Ensure workers are free to escape from their work stations. 14. Ensure finishing goods are stored far from electric lights. 15. Equip adequate number of fire extinguishers in the bike park area and fire extinguishers should be marked. 16. Ensure all emergency exits are free of obstacles. 17. Conduct the remediation

immediately toward corrective actions recommended by the fire policemen

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Fire safety vice leader(s) had assigned in the fight fighting team as legal requirement. Define responsibilities for the fire-fighting team clearly.
2. No-smoking in the entire factory. We established this policy.
3. Adequate evacuation maps have been equipped on the work floor.
4. All fire alarm buttons have been marked in local language.
5. The factory should equip adequate fire extinguishers type A in the entire factory as legal requirements.
6. The factory has posted operational instructions in local language for all fire extinguishers.
7. The building was set up before so we couldn't equip sprinkler system. But The factory is equipped with smoke detector connecting with central fire alarm control panel .
8. The factory inspects smoke detectors regularly.
9. Gas cylinders in the kitchen had covered.
10. Store Alcohol at the separate area with the non- smoking sign had equipped.
11. The factory has designed physical assembly points in the factory.
12. All fire extinguishers were inspected .
13. Workers had been free to escape from their work stations for all time.
14. Finishing goods has been stored far from electric lights.
15. The factory is equipped with adequate number of fire extinguishers in the bike park area and fire extinguishers should be marked.
16. All emergency exits should be free of obstacles.
17. The fire policemen rechecked the remediation which factory has improved.

Company Action Plan Update

06/13/18 : 1. Please check file "14.1 responsibilities assigned for the firefighting team. " 2. Please check file "14.2 no smoking in toilet and all area in Factory". 3. Please check file "14.3evacuation maps". 4. Please check file "14.4 new fire alarm buttons with local language". 5. To be completed by 5/30/2018. 6. Please check file "14.6Operational instructions for all fire extinguishers". 7. Please check file "14.7 central fire alarm control panel". 8. Please check file "14.8 inspection conducted for smoke detectors". 9. Please check file "14.9 gas cylinders in the kitchen with chain and close when not in use". 10. Please check file "14.10 The factory stores alcohol with the non- smoking warning sign". 11. Please check file "14.11 physical assembly points". 12.Please check file "14.12 All fire extinguishers inspected". 13.Please check file "14.13exit aisle". 14. Please check file "14.14 Finishing goods has been stored far from electric lights". 15 Please check file "14.15 the bike park area and fire extinguishers have been marked" 16 Please check file "14.16 Emergency exit in cutting section " 17 Please check file "14.17 inspection report of the fire policemen"

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Verification result: Remediated.

Explanation: The factory has appointed vice leaders for the firefighting team and responsibilities assigned for the team.

2. Verification result: Not remediated.

Explanation: There is no designated smoking area and no proper controls in place. [HSE.1]

3. Verification result: Not remediated.

Explanation: The first aid kit and fire alarm are posted in the wrong locations on at least 2 evacuation maps at the finished goods warehouse (workshop 3) and Material warehouse (workshop 2) do not reflect the actual layout. [HSE.5]

4. Verification result: Not remediated.

Explanation: The new fire alarm buttons are still not marked in the local language. [HSE.6]

5. Verification result: Remediated.

Explanation: All fire extinguishers provided are appropriate for the fire risk in the area they are placed.

6. Verification result: Remediated.

Explanation: The operational instructions are posted on each fire extinguishers in the local language.

7. Verification result: Not remediated.

Explanation: No sprinkler system or automatic fire extinguishers are equipped. [HSE.5, HSE.6]

8. Verification result: Not remediated.

Explanation: There is no smoke detector equipped in the facility. [HSE.6]

9. Verification result: Not remediated.

Explanation: There is no control system in place for gas cylinders. There is no fence or gas leaking detection system. [HSE.1, HSE.6]

10. Verification result: not remediated.

Explanation: There is no proper designated storage area for alcohol. [HSE.9]

11. Verification result: Remediated.

Explanation: The physical assembly point is designed inside the facility.

12. Verification result: Remediated.

Explanation: All fire extinguishers were inspected on February 20, 2019.

13. Verification result: Not remediated.

Explanation: Chairs and products are blocking work stations. [HSE.5]

14. Verification result: Not remediated.

Explanation: Finished goods are stacked high and close to the electrical lighting system.

15. Verification result: Remediated.

Explanation: 12 fire extinguishers are provided for the parking area with signs posted.

16. Verification result: Not remediated.

Explanation: Trolleys and goods are obstructing emergency exit routes at workshop 3 and the material warehouse. [HSE.5]

17. Verification result: Not remediated.

Explanation: The last fire safety inspection was conducted on 24 August 2018 with recommendations to equip sprinklers and a gas system in the kitchen. No corrective action has taken place. [HSE.3; HSE.4]

Local Law or Code Requirement

Vietnam Building Code No. QCVN 06:2010/BXD, Article 3.2.3, 3.3.1; Circular No. 66/2014/TT-BCA, Article 5; TCVN 2622:1995 Article 7.1, 7.5; Decision No. 2726/QĐ-BKHCN (2009), Article 10.1.4; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.5, HSE.6, and HSE.9)

Recommendations for Immediate Action

1. Designate smoking areas in the facility and adopt appropriate practices to control smoking activities in the area.
2. Update the evacuation map with the accurate location of the first aid kit, fire alarm, and factory layout.
3. Mark all fire alarms in the local language.
4. Equip a sprinkler system or automatic fire extinguishers in the facility.
5. Equip smoke detectors in the facility.
6. Adopt a control system for gas cylinder and equip fence and gas leaking detection system.
7. Properly designate a storage area for alcohol.
8. Remove obstructions and ensure all work stations are clear at all times.

9. Consider the height of finished goods stacking to prevent electrical risk.
10. Remove obstructions and ensure all emergency exits are clear.
11. Take corrective actions for the fire inspection.

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are missing H&S procedures established and communicated to workers: Evacuation Procedure, procedure to manage laser risk and how to work safely with laser, procedure to work at height and hot work, to work with confined space and lifting procedure. ER.31 2. Safety guidance is not provided to suppliers and subcontractors. HSE.5 3. Ladders at material warehouse are missing handrails. HSE.13 4. Fabric rolls are put too high on shelves and are missing a protective fence.HSE.13 5. The shelves in the warehouses are missing loading capacity posted.HSE.13 6. 60% of finished goods are not placed off the floor. HSE.13 7. Insufficient lights for workers tagging labels at workshop 3 as observed during the plant tour. HSE.13 8. Safety risk assessment, including ergonomic analysis, and fire risk is not covered at all workplaces such as risk of dust at sewing section ,no risk assessment for downing section, buttoning section, laser section, security and canteen.HSE.3;HSE.4 9. No speed limit is defined for vehicles inside of the factory. Walk ways for pedestrians are not defined in the factory. ER.31 10. Soap and toilet paper are not provided for workers in workshop 3. HSE.19, HSE.20 11. The factory does not provide training for group 5 (medical staff) and group 6 (Safety and Hygienic networking workers) as legal requirements. ER.1, ER.17 12. One boiler operator is not trained or certificated. HSE.4, ER.17 13. No chemical training is provided for workers who handle chemicals in the factory. HSE.9 14. First aid training to all workers is conducted internally by the company nurse, who is not a certified trainer. HSE.6; HSE.4

Local Law or Code Requirement

Decree 44/2016/ND-CP, Art. 17; Decree No. 113/2017/ND-CP, Art.32; Decision No. 64/2008/BLDTBXH, Art 8.1.3; Law No. 06/2007/QH12 on Chemicals (2007), Art. 30; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, and ER.31; Health, Safety, And Environment Benchmarks HSE.3, HSE.4; HSE.5. HSE.6, HSE.9, HSE.13, HSE.19 and HSE.20)

Recommendations for Immediate Action

1. Ladders at material warehouse should be equipped with handrails. 2. Ensure fabric rolls are not put too high on shelves, equipped with protective fence. 3. Monitor loading capacity of shelves in the warehouses. 4. Provide sufficient lights for workers tagging labels at workshop 3. 5. Ensure safety risk assessment including ergonomic analysis, and fire risk is covered at all workplaces for risk elimination actions. 6. Define and communicate the limit speed for vehicles inside of the factory. 7. Set-up separate walk ways from the vehicle ones for pedestrians in the factory. 8. Provide soap and toilet paper in the toilets for all workers. 9. Provide training to group 5 and 6 as legal requirement. 10. Ensure boiler operator has career certificate. 11. Ensure workers handling chemicals have chemical training and certified. 12. Ensure first aid training to all workers should be conducted by a certified trainer.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory had established H&S and communicated to workers.
2. Safety guidance should be provided to suppliers and subcontractors.
3. Ladders at material warehouse should be equipped with handrails.
4. Fabric rolls should not be piled up too high on shelves and should equipped with protective fence.
5. The shelves in the warehouses have been posted loading capacity.
6. The finished goods have been put on pallet in the warehouse.
7. The factory provided sufficient lights for workers tagging labels at workshop 3.
8. The factory has conducted safety risk assessment including ergonomic analysis and fire risk is covered at all workplaces for risk elimination actions.

9. The factory had set-up separate walk ways from the vehicle ones for pedestrians in the factory.

10. The factory had provided soap and toilet paper in the toilets for all workers.

11. The factory should provide training to group 5 and 6 as legal requirement.

12. One boiler operator has been trained or certificated.

13. Workers handling chemicals had received chemical training.

14. The company nurse had a certified trainer to first aid training.

Company Action Plan Update

06/13/18 : 1. Please check file "16.1 H_S procedure and policy". 2. Please check file "16.2 Safety guidance to subcontractors". 3. Please check file "16.3 Ladders at material warehouse with handrails". 4. Please check file "16.4 fabric rolls". 5. Please check file "16.5 The shelves fabric with loading capacity". 6. Please check file "16.6 the finished goods put on pallet". 7. Please check file "16.7 lights for workers tagging labels". 8. Please check file "16.8 Safety risk assessment". 9. Please check file "16.9 Speed limit for vehicles inside of the factory". 10. Please check file "16.10 soap and paper in toilet". 11. Please check file "16.11 training for group 5". 12. Please check file "16.12 boilers certificate". 13. Please check file "16.13 chemical training". 14. Please check file "16.14 certified of nurse".

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Verification result: Remediated

Explanation: The facility has established health and safety procedures and communicated them to workers during an annual training.

2. Verification result: Not remediated

Explanation: The facility did not provide any evidence of safety guidance that is provided to suppliers and subcontractors to review. [HSE.1]

3. Verification result: Not remediated

Explanation: Handrails are not equipped for ladders. Also, ladder guidance is not provided to electrical maintenance workers, who use it regularly. [HSE.13]

4. Verification result: Partially remediated.

Explanation: Based on the factory tour, fabric rolls were stacked high and close to the electrical lighting system despite having a fence in place. [HSE.13]

5. Verification result: Not remediated.

Explanation: There is no loading capacity posted on the shelves in the warehouse. [HSE.13]

6. Verification result: Remediated.

Explanation: Finished goods are placed on plastic pallets in the warehouse.

7. Verification result: Remediated.

Explanation: Sufficient lighting is installed throughout the facility.

8. Verification result: Remediated.

Explanation: Ergonomic analysis was conducted on May 27, 2019 for all areas and safety risk and fire risk assessment was conducted on February 20, 2019 for all workshop.

9. Verification result: Not remediated.

Explanation: There is no speed limit defined for vehicles posted at the factory. Walkways are not marked. [ER.31]

10. Verification result: Remediated.

Explanation: Soap and toilet paper are provided in workers' restrooms.

11. Verification result: Remediated.

Explanation: Group 5 (medical staff) and Group 6 (Safety and Hygienic networking workers) are trained in EHS as required by law in

March 2019 and December 2017.

12. Verification result: Remediated.

Explanation: The factory's boiler operator has been trained and certified to operate the boiler.

13. Verification result: Remediated.

Explanation: The facility provided chemical safety training for 105 workers on 6 April 2019 by the Factory Vice director, who is a certified trainer.

14. Verification result: Remediated.

Explanation: The 56 members of the first aid team were trained on Oct 22, 2018 by an external certified trainer.

Local Law or Code Requirement

Decision No. 64/2008/BLDTBXH, Art 8.1.3; FLA Workplace Code (Employment Relationship Benchmarks ER.31; Health, Safety, And Environment Benchmarks HSE.1 and HSE.13)

Recommendations for Immediate Action

1. Provide safety guidance to all suppliers who work at the factory.
2. Provide ladders guidance to workers who use ladders while working. Equip the handrails for ladders.
3. Consider the height of fabric rolls stacking to prevent electrical risk.
4. Post loading capacity on shelves in warehouse.
5. Post speed limit for vehicles and mark pedestrian walkway in the facility.

PREVIOUS FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There is no user name posted on one tag gun in workshop 3. This tag gun is shared among workers which poses the risk of blood pathogen among the users. HSE.1; HSE.14 2. No blood pathogen risk control system is established in the entire factory. HSE.1

Local Law or Code Requirement

Labor Code of Vietnam, Art. 138; Law No. 84/2015/QH13, Art. 15, Art.16, Art.18 and Art. 77; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1 and HSE.14)

Recommendations for Immediate Action

1. Ensure user name posted on the tag guns and workers use tagging guns separately. 2. Establish blood pathogen risk control system and applied in the entire factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The user name has been posted on all the tag guns.
2. The factory has establish blood pathogen risk control system and applied in the entire factory.

Company Action Plan Update

06/13/18 : 1. Please check file "17.1 tag gun with name ". 2. Please check file "17.2 Blood pathogen risk control procedure 15-Th5-2018 09-34-47".

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Verification result: Partially Remediated.

Explanation: Based on the factory tour, the tag guns at workshop 4 are marked with name tags. However, the tag guns at workshop 1 are not properly marked. [HSE.1, HSE.14]

2. Verification result: Not remediated.

Explanation: The factory does not have a blood pathogen risk control system in place. [HSE.1]

Local Law or Code Requirement

Labor Code of Vietnam, Article 138; Law No. 84/2015/QH13, Article 15, Article 16, Article 18 and Article 77; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1 and HSE.14)

Recommendations for Immediate Action

1. Post name tags on each tag gun used by workers.
2. Establish a pathogen risk control system.

PREVIOUS FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.Chairs are not adjustable, and not equipped with cushion and back rest. HSE.17 2.Anti-fatigue mats are not equipped for long-standing workers in inspection, pressing sections while the short break times are not provided to them. HSE.17, HOW.3

Local Law or Code Requirement

Law No. 84/2015/QH13, Art.16; Labor Code of Vietnam, Art. 138; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.17; Hours of Work Benchmark HOW.3)

Recommendations for Immediate Action

1.Ensure chairs are adjustable, and equipped with cushion and back rest to all workers. 2.Provide anti-fatigue mats for long-standing workers in inspection, pressing sections and provide short break times to those long-standing workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Because of production requirement, many workers must use 2 or 3 machines simultaneously, if we create chair with back rest, the workers cannot work properly.
2. The factory provided anti-fatigue mats for long-standing workers in inspection, pressing sections and provide short break times to those long-standing workers.

Company Action Plan Update

06/13/18 : 1. Remark : If the chair set up cushion and back rest . It will be hard for operating . 2. Please check file "19.2 anti-fatigue mats for long-standing workers".

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Verification result: Not remediated.

Explanation: The factory still does not provide adjustable chairs with cushions and back rests to workers. [HSE.17]

2. Verification result: Not remediated.

Explanation: Inspection workers are not provided with anti-fatigue mats and 70% of pressing workers, who are provided with the mat, were not using the mat while working. The factory does not provide ergonomic breaks. [HSE.17, HOW.3]

Local Law or Code Requirement

Law No. 84/2015/QH13, Article 16; Labor Code of Vietnam, Article 138; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.17; Hours of Work Benchmark HOW.3)

Recommendations for Immediate Action

1. Provide adjustable chairs with cushions and backrests to workers.
2. Provide anti-fatigue mats and train workers to use it while working. Provide ergonomic breaks to all workers.

PREVIOUS FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.Safety instruction of air pressing machines, laser machines and designing machines are not in local language. HSE.14 2.Cutting machines and designer cutting machines are not grounded. HSE.1; HSE.14 3.The elevators do not have loading capacity. HSE.1; HSE.14 4.50% needle guards of sewing machines are put too high. Buttoning guards are not effective to protect fingers. HSE.1; HSE.14

Local Law or Code Requirement

Labor Code of Vietnam, Art. 138; Law No. 84/2015/QH13, Art. 15 and Art.16; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1 and HSE.14)

Recommendations for Immediate Action

1.Ensure all safety instruction attached on machines should be in local language. 2.Ensure cutting machines and designer cutting machines are grounded. 3.Define and control loading capacity for elevator. 4.Ensure needle guards of sewing machines and buttoning machines are equipped properly to protect workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Safety instruction of air pressing machines, laser machines and designing machines had translated to local language.
2. Cutting machines and designer cutting machines had grounded.
3. The factory defined and controlled loading capacity for elevator.
4. Needle guards of sewing machines and buttoning machines have been equipped properly to protect workers.

Company Action Plan Update

06/13/18 : 1. Please check file "20.1Safety instruction with local language". 2. Please check file "20.2 designer machine are grounded". 3. Please check file "20.3 loading capacity for elevator.". 4. Please check file "20.4 Needle guards of sewing machines".

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Verification result: Not remediated.

Explanation: Based on factory tour, local language labels were not posted for emergency stop buttons at the laser cutting machines and computer sewing machines. [HSE.14]

2. Verification result: Not remediated.

Explanation: The cutting machines at workshop 4 are not grounded. [HSE.14]

3. Verification result: Not remediated.

Explanation: The two elevators at workshop 1 and workshop 2 do not have the loading capacity posted. [HSE.14]

4. Verification result: Partially remediated.

Explanation: Most machines have a safety guard. One button machine in workshop 3 is missing a buttoning guard and two sewing machines are missing needle guards in workshop 1. [HSE.14]

Local Law or Code Requirement

Labor Code of Vietnam, Article 138; Law No. 84/2015/QH13, Article 15 and Article 16; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.14)

Recommendations for Immediate Action

1. Post the safety instructions in the local language for machines in the facility.
2. Properly ground all machineries in the facility.
3. Post loading capacity at each elevators.
4. Equip safety guards on all required machines and train workers to use guards while operating the machines.

PREVIOUS FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.First aid supplies are missing, only 12 items out of the 27 stipulate items are found in the first aid supplies. HSE.6 2.First aid space is not adequately equipped in each factory with more than 300 workers. HSE.1, HSE.6

Local Law or Code Requirement

Circular No.19/2016, Art.5, Art. 8 and Appendix 4; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1 and HSE.6)

Recommendations for Immediate Action

1.Ensure first aid supplies are equipped sufficiently as per the legal requirements. 2.Equip first aid space in each factory which are more than 300 workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. First aid supplies should be equipped sufficiently as per the legal requirements.
2. The factory should equip first aid space in each factory which are more than 300 workers.

Company Action Plan Update

06/13/18 : 1. Please check file "21.1 First aid kits". 2. Please check file "21.2 First aid kits and space".

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Verification result: Not remediated

Explanation: There is only one first aid kit for around 400 workers in Workshop 4. The first aid kit is not fully equipped with all first aid supplies, such as: triangle bandage, various-size bandage, etc. as required by law. [HSE.6]

2. Verification result: Not remediated.

Explanation: There is only one 1 first aid space for 400+ workers at workshop 4. [HSE.6]

Local Law or Code Requirement

Circular No.19/2016, Art.5, Art. 8 and Appendix 4; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.6)

Recommendations for Immediate Action

1. Provide sufficient first aid kit and first aid supplies for workers in the facility.

2. Ensure that sufficient first aid space is available to workers.

PREVIOUS FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.20% of MSDS are hung too high in the cleaning area. There are missing MSDS for alcohol stored at security station, missing eyewash at chemical store area. HSE.1, HSE.10 2.Alcohol is stored in drinking water bottles and are missing flammable and warning sign. HSE.1, HSE.9 3.Spot cleaning, lubricant bottles in workshop 3 are missing label in local language and warning signs. HSE.1, HSE.9

Local Law or Code Requirement

Circular NO.32/2017/TT-BCT, Art.6; Art.7; Decree No. 113/2017/NĐ-CP, Art.5 FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.9 and HSE.10)

Recommendations for Immediate Action

1.Ensure MSDS are equipped and visible for all workers at the chemical use and storage area. 2.Equip eyewash station at the chemical storage area. 3.Equip proper container, labels for alcohol, spot cleaning, and lubricant.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. M1.SDS had equipped and visible for all workers at the chemical use and storage area.

2. The factory had equipped proper container, labels for alcohol, spot cleaning, and lubricant.

3. The factory had equipped proper container, labels for alcohol, spot cleaning, and lubricant.

Company Action Plan Update

06/13/18 : 1. Please check file "22.1_22.2 Alcohol with MSDS and warning sign". 2. Please check file "22.1_22.2 Alcohol with MSDS and warning sign". 3. Please check file "22.3 spot cleaning with label and warning signs".

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Verification result: Partially remediated.

Explanation: Based on factory tour, alcohol and other chemicals are no longer stored in security area. However, MSDS in the other sections are still hung high. Eyewash station was missing at chemical storage area. [HSE.1, HSE.10]

2. Verification result: Remediated.

Explanation: Flammable and warning signs are posted on alcohol containers.

3. Verification result: Not remediated.

Explanation: The spot cleaning chemical bottles do not have warning signs and are not labeled in the local language. Additionally, the factory wrongly posted the label on some chemicals, such as "Alcohol" labels being posted on soap and benzol (xăng thơm). [HSE.1, HSE.9]

Local Law or Code Requirement

Circular NO.32/2017/TT-BCT, Art.6; Art.7; Decree No. 113/2017/NĐ-CP, Art.5; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.9, HSE.10)

Recommendations for Immediate Action

1. Place the MSDS at the appropriate heights and equip the eyewash station at the chemical storage area.
2. Properly label all chemical containers in the facility.

PREVIOUS FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Wastes are not classified at the source in workshops. HSE.1 2. No evidence of waste water going through the waste water treatment system in the factory. When the assessor requested more information about the system the factory claimed that it was entirely underground, and could not provide any documentation. HSE.1 3. The factory does not manage the waste water testing record to prove that waste water is collected and treated properly by Quang Nam Environment Company (Moi truong do thi QN) as legally required. HSE.1;HSE.4 4. Solid wastes from boiler is not properly stored. This waste is put outside without cover.HSE.1 5. The factory has not measured toxic air at laser cutting room. HSE.1;HSE.13 6. Solid waste storage areas are not labeled. HSE.1 7. Empty chemical drums of alcohol are put outside without shelter or secondary containment. HSE.1, HSE.9

Local Law or Code Requirement

Decree No. 38/2015/NĐ-CP, Art. 5 and Art.7; Law no.55/2014/QH13, Art 68; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE1, HSE.4, HSE.9 and HSE.13; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Wastes should be classified at sources in workshops. 2. Ensure waste water goes through the waste water treatment system and treated before discharged to the public sewage. 3. Conduct the waste water testing to ensure waste water after treatment met the required standards. 4. Solid wastes from the boiler should be properly stored under a shelter. 5. Monitor the laser discharged from cutting room to ensure the air emission meet the required standards. 6. Label the solid waste storage areas. 7. Empty chemical drums should be put under a shelter and with secondary containment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Wastes should be classified at sources in workshops.
2. The factory had evidence of waste water going through the waste water treatment system in the factory.
3. The factory had conducted the waste water testing to ensure waste water after treatment met the required standards.
4. Solid wastes from the boiler should be properly stored under a shelter.

5. The factory has measured the laser discharged from cutting room to ensure the air emission meet the required standards.

6. Solid waste storage areas has labeled.

7. Empty chemical drums should be put under a shelter and with secondary containment.

Company Action Plan Update

06/13/18 : 1. Please check file "23.1Wastes are classified". 2. Please check file "23.2 waste water treatment system chart". 3. Please check file "23.3 the waste water testing ". 4. Please check file "23.4 Solid wastes from boiler is stored". 5. Please check file "23.5 working environment measurement with laser area". 6. Please check file "23.6 Solid waste storage areas with label". 7. Please check file "23.7 Empty chemical drums of alcohol with secondary containment".

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Verification result: Not remediated

Explanation: Based on factory tour, waste is not classified and segregated at the source (Cutting department) or in the waste storage area at Workshop 4. [HSE.1]

2. Verification result: Not remediated

Explanation: There was no documentation or evidence provided for review to substantiate that the waste water was going through the waste water treatment system. [HSE.1, ER.31]

3. Verification result: Remediated.

Explanation: The contract signed between the factory and the environment company on 4 Jan, 2019, with summary records for every 3 months. Quarterly waste water test records with the last inspection was conducted on 19 June 2019.

4. Verification result: Remediated.

Explanation: Solid waste from the boiler is properly stored.

5. Verification result: Not remediated.

Explanation: Based on document review, the factory still does not measure toxic air at the laser cutting room area. [HSE.9]

6. Verification result: Not remediated.

Explanation: Based on the factory tour, solid waste storage areas are not labeled but are stored properly. [HSE.9]

7. Verification result: Not remediated.

Explanation: Based on the factory tour, there are empty chemical drums used for waste solid water from boiler placed outside Workshop 2. [HSE.9]

Local Law or Code Requirement

Decree No. 38/2015/NĐ-CP, Art. 5 and Art.7; Law no.55/2014/QH13, Art 68; Law on Chemicals 06/2007/QH12, Article 12; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.1, HSE.9, HSE.13; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Classify and segregate waste at the source (production workshop) and storage areas.
2. Maintain documentation of the waste water treatment system for review.
3. Conduct an environmental assessment for toxic air at the laser cutting room.
4. Properly label solid waste in the storage area.
5. Separately store empty chemical drums instead of using it for other purpose.

PREVIOUS FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Dust mask provided to workers is not comfortable to wear as reported by 80% of workers so that they had to equip the mask

themselves. Workers wear medical masks instead of dust masks. HSE.1, HSE.7 2. Shoes, goggles/personal protective equipment (PPE) are not available for operators at boiler room, maintenance staff, and electrician HSE.1, HSE.7 3. No policies and procedures related to PPE: such as PPE selective procedure, PPE training, etc. ER.31; HSE.1, HSE.7 4. No record maintained for PPE distribution, workers report buying PPE themselves. HSE.1; HSE.2 5. No evidence of PPE is equipped for fire protective team. HSE.1, HSE.7

Local Law or Code Requirement

Circular NO. 04/2014/TT-BLĐTBXH, Art. 4, Art. 5, Art.6 and Art. 7; Decree No. 79/2014/NĐ-CP, Art. 39; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE1, HSE.2 and HSE.7; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1.Ensure PPE provided to workers is comfortable, free of charge and suitable to eliminate the relevant risk 2.Establish policies and procedures related to PPE: such as PPE selective procedure, PPE training, etc. 3.Maintain log book for PPE distribution.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory provided PPE to workers to ensure comfortable, free of charge and suitable to eliminate the relevant risk.
2. Shoes, goggles/personal protective equipment (PPE) are equipped for operators at boiler room, maintenance staff, and electrician but they forgot to use. We will training this problem again to ensure they use when work.
3. The factory had established policies and procedures related to PPE.
4. Will maintain log book for PPE distribution.
5. PPE had equipped for fire protective team

Company Action Plan Update

06/13/18 : 1. Please check file "24.1 dust mask distribution record". 2. Please check file "24.2 PPE distribution for boiler, maintenance staff, and electrician". 3. Please check file "24.3 policy and procedure related to PPE". 4. Please check file "24.4 PPE distribution record". 5. Please check file "24.5 PPE is equipped for Fire protective team".

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Verification result: Not Remediated.

Explanation: Workers still either use their own masks or do not use masks at all. During the assessment tour, around 70% of the workers in the facility did not use the mask while working. [HSE.7]

2. Verification result: Remediated.

Explanation: All necessary PPE was available for boiler operators, maintenance staff, and electrician.

3. Verification result: Remediated.

Explanation:Based on document review, the factory has established policies and procedures related to PPE.

4. Verification result: Remediated.

Explanation: Based on document review, PPE distribution is maintained for review and workers are provided with PPE free of charge on a regular basis.

5. Verification result: Not remediated

Explanation: There is still no evidence that there is PPE equipped for the fire protective team. [HSE.6, HSE.7]

Local Law or Code Requirement

Labor Code 10/2012/QH13, Article 138; Circular 04/2014/TT-BLĐTBXH, Article 4, Article 5; FLA Workplace Code (Health Safety and

Recommendations for Immediate Action

1. Provide appropriate and proper PPE to workers and provide training to raise their awareness in using PPE while working.
2. Equip PPE for the fire protective team.

New Findings and Action Plans

NEW FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

It was noted that at least six members of the firefighting team were not provided allowance of 0.5 daily basic wage for each training day as required by law. [C.1]

Factory did not provide or pay for a short break to workers. [C.1, C.5]

The monthly compulsory allowance to the captain and vice captains of the firefighting team is not included in the basic wage to calculate and contribute to social insurance. [C.1]

Insufficient annual leave is provided to workers. For example, select workers joined factory should be provided 5 days annual leave but are only provided with 3 days. Consequently, the factory insufficiently paid for unused annual leave to these workers. [C.1, C.5]

Security guards are not provided with allowance for skill set as stated in factory's wage scale. Guards' monthly wage was calculated based on legal minimum wage (VND3,710,000) without skill allowance (7% x 3,710,000). [C.1, C.5]

Factory was not able to provide sufficient documentation to substantiate the amount of piece rate wage paid to workers on the payroll. [C.5]

Local Law or Code Requirement

Point 4, Article 35, Decree 79/2014/ND-CP.; Article 8, Joint Circular No. 52/2015/TT-BLDTBXH-BCA-BTC; Decree No. 45/2013/ND-CP dated May 10, 2013, Chapter 2, Section 1, Article 3; Decision no. 595/QĐ-BHXH, Article 6,

Circular No. 47/2015/TT-BLDTBXH, Article 4; Decree No. 45/2013/ND-CP dated May 10, 2013, Chapter 2, Section 1, Article 7; FLA Workplace Code (Compensation Benchmarks C.1, C.5)

Recommendations for Immediate Action

1. Provide the allowance to all firefighting members for training time as required by law. Provide backpay to those members of the firefighting team who attended the trainings but were not adequately compensated.
2. Correctly compensate all workers for the short break during working time or provide the workers with the break time. Research how to provide backpay to those workers who were not compensated for the short break.
3. Include the monthly allowance to the captain and the vice captains of firefighting team in monthly basic wage and contribute the appropriate amount of social insurance. Provide
4. Calculate and provide sufficient annual leave to all workers in the factory. Provide backpay to those workers who were not adequately compensated for their unused annual leave.
5. It is recommended that factory shall provide the skill allowance to security guards based on the approved wage scale.
6. Factory shall ensure to proper records are available to substantiate the amount of piece rate wages paid to workers on the payment records.

NEW FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

The factory does not monitor and record canteen workers' working hours. As per information from factory management and workers, canteen workers' work from 6 am to 2pm from Monday to Friday. [HOW.1, HOW.3, HOW.7]

Local Law or Code Requirement

Legal Legislation: Labor Code 10/2012/QH13, Article 104, Article 106, Decree No. 45/2013/ND-CP, Article 5; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.3, HOW.7)

Recommendations for Immediate Action

1. Monitor and record the working hours of workers in the canteen. Ensure that they are provided with sufficient breaks.

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

At least two fire hydrants on the second floor of Workshop 1 are in poor condition, such as built up dust, broken doors, cigar and lighters inside the box, and no regular inspection records available. [HSE.6]

At least two fire alarm buttons at the finishing section - Workshop 3 and the sewing floor- Workshop 2 are the same switches as the light switches, which could cause confusion during an emergency. [HSE.5]

At least two fire alarm buttons at the warehouse (workshop 2) are obstructed by machine and worker's cap. [HSE.5]

The kitchen is missing at least one emergency light and exit sign. Additionally, there are only three emergency lights installed in the sewing section (workshop 2), which is about 1,000 sq. meters and about 220 workers work in that area. At least one exit sign at Exit Door No. 2 of the sewing section (workshop 2) malfunctioned during the audit. [HSE.5]

Several emergency exit doors are sliding doors instead of doors that open outward in workshop 3 (cutting area/finishing area), material and accessories warehouse, and kitchen. [HSE.5]

Local Law or Code Requirement

Decision No. 2726/QĐ-BKHCN National Standard (TCVN) Item 5.1.1, No. TCVN 3890:2009. (Fire protection equipment for construction and building – Providing, installation, inspection, maintenance); National Standard (TCVN) No TCVN 3890:2009, Clause 10; Item 11.6.1.3, Chapter 11, National Standard (TCVN) No. 439/BXD-CSXD (1997); Item 7.5, Clause 7, National Standard (TCVN) No. TCVN 2622:1995; Vietnam Standard No. TCVN 2622:1995 on Fire prevention and protection for buildings and structures - Design requirements, Part 7, Point 7.24; Item 3.3.1, National Standard (QCVN) No. 06:2010/BXD (Vietnam Building Code on Fire Safety of Buildings); Item 11.6.1; FLA Workplace Code (Health Safety and Environment HSE.5, HSE.6)

Recommendations for Immediate Action

1. Regularly inspect and maintain all fire-fighting equipment.
2. Properly mark the fire alarm to ensure easy identification during the emergency.
3. Remove all obstructions and ensure all fire alarms are clear of obstruction at all times.
4. Equip sufficient emergency lights and exit signs for all working areas.
5. Ensure all designated exit doors open outward toward the evacuation route.

NEW FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The assessors found at least two broken metal gloves used by workers at the cutting section workshop 3. [HSE.7]

Several electrical panels at Workshop 3 and Workshop 1 did not have insulated mats. In addition, there was flammable materials laid besides electrical panels. [HSE.13]

The air-compressor, boiler, and generator areas do not have restricted areas signs with the authorized person(s) list posted. Additionally, the generator area did not have a fence and the air-compressor area had an unlocked door. [HSE.13, HSE.14]

At least one suggestion box at workshop 2 was dusty and unlocked. [ER.25]

The elevator operator does not have the career certificate. [HSE.2]

The factory conducts the drinking water test every six months instead of every three months as the law requirement. The two recent tests were conducted in July and January 2019. [HSE.1, HSE.23]

Local Law or Code Requirement

Labor Code No. 10/2012/QH13, Article 138; Circular 04/12014.TT-BLDTBXH, appendix 1; FLA Workplace Code (Health Safety and Environment Benchmarks HSE.1, HSE.7, HSE.13; Employment Relationship Benchmarks ER.25)

Recommendations for Immediate Action

1. Provide proper PPE to all workers
2. Provide insulated mats to workers and ensure that flammable material near the electrical panels is removed.
3. Have proper access control to all restricted areas.
4. Regularly monitor and maintain all suggestion boxes.
5. Ensure all elevator operators obtain proper operating certificates.
6. Conduct drinking water tests at least every three months, as required by law.