



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



Verification Assessment

COMPANIES: PUMA SE
COUNTRY: Vietnam
ASSESSMENT DATE: 10/17/19
ASSESSOR: One Step Vietnam
PRODUCTS: Apparel
NUMBER OF WORKERS: 4665

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	5
Hours of Work	6
Employment Relationship	7
Health, Safety, and Environment	15
Nondiscrimination	2
Child Labor	1
Freedom of Association	3

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory forces workers to take annual leave or unpaid leave during downtime instead of providing them with full pay. Downtime is defined as interruptions in their work day that is out of workers' control, such as a broken machine or the lag time between projects. Management also does not negotiate with workers to arrange this downtime as annual leave. 2. The factory does not pay the correct premium wage for nightly overtime to those who also work overtime during the day. The factory pays workers at 200% the wage rate instead of 210%, as required by law. 3. The factory does not pay embroidery workers, who are under different management, the correct premium wage for nightly overtime; they are paid at 170% of the normal rate instead of 200% for normal nightly overtime or 210% for nightly overtime as an extension of daily overtime. 4. Wastewater treatment workers and security guards are not paid sufficiently for nightly overtime during regular days; they are paid at the regular daytime overtime rates of 150% instead of 210%. 5. The factory does not correctly compensate all piece-rate (about 95% of the work force) workers for overtime. The factory uses the hourly rate to calculate the overtime instead of using the piece rate. Also, the factory does not pay piece-rate workers for the break they take during overtime hours, at the correct rate. Workers were paid at 50% their piece rate instead of 150%. 6. The factory does not pay menstruation leave to any piece-rate workers. 7. The factory does not pay annual leave to workers in the training and probation period.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 111, and Art.129, Art. 155, Art. 186(3); Decree No. 05/2015/ND-CP on Defining and Providing Guidance on the Implementation of a Number of Contents of the Labor Code (2015), Art. 25; Circular No. 23/2015/TT-BLDTBXH on Guidelines for some Articles on Wages of the Government's Decree No. 05/2015/ND-CP dated January 12, 2015 on Guidelines for some Contents of the Labor Code (2015), Art. 8; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and ER.22; Hours of Work Benchmarks HOW.1.1, HOW.11, HOW.12, and HOW.14; Compensation Benchmarks C.1, C.4, C.5, C.6, and C.7.2)

Recommendations for Immediate Action

1. Provide workers, including workers in their training and probation period, with the legally required annual leave and pay for downtime,

as per the legal requirement. 2. Payback the workers who were forced to use annual leave or unpaid leave during downtime. 3. Compensate overtime work at the legal premium wage rates and without discrimination on type of job. 4. Provide workers with the legally required paid menstruation leave.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Finding No.5.1: factory plans the arranged leave schedule at beginning of the year. Based on the arranged AL plan of 2017 in Dec 30, 2016, 3 annual leaves were arranged from Feb (1-3). The rest of annual leaves is freely used by workers.

Company Action Plan Update

09/29/17 : Based on the on site follow up on May 16-17, 2017: Factory had annual leave policy. The plan of arranged annual leaves during lunar new year of 2017 with the involvement of Trade Union representatives was provided. 3 days (from Feb 1-3) were arranged for ALs. However, it is lacked of meeting minutes as agreement between Rep of workers, TU and managements during the periodic meeting. This will be verified in the next follow up.

Action Plan no 2.

Description

Finding No.5.2: Factory is in reviewing the current wage payment policy for night shift included normal & overtime working hours to ensure the correct payment rate.

Finding No.5.3: This embroidery workshop is subcontractor of VMC Royal with different management. The new management of this factory was on board in July 2016. So far, working at night shift policy was stopped since Feb 2017 (after lunar new year). The compensation amount is in reviewing by the factory management of this workshop.

Finding No.5.4,5,6: Factory is in reviewing the current wage payment policy for night shift included normal & overtime working hours to ensure the correct payment rate. Based on the on site follow up at factory on May 16-17, starting in May 1, 2017, only Security Dept works at night shift. However, factory hasn't compensated the insufficient payment for OT at night shift and paid correctly all "pieces-rate" workers. It will be verified in the next visit after all payment is completed.

Action Plan no 3.

Description

Finding No.5.7: The factory has annual leave policy for probationary employees.

Company Action Plan Update

09/29/17 : Based on the on-site follow up on May 16-17, 2017: factory applied Annual leaves during probation & vocational training period. 2 sample cases was provided, worker took annual leave during the probation period.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Not remediated: There is downtime due to lack of orders found during the past 12 months (14th & 21st September 2019) for workers in B2, B3 and B5 departments. However, factory arranged annual leave for workers and workers who did not have enough annual leave took unpaid leave during this period. The factory did not pay the downtime payment (100% of day's basic salary) for workers as legally required. [C.1]
2. Remediated: The monthly wage, overtime premium and other benefits are calculated accurately, sufficiently and comply with the legal requirement, in which 150% for overtime hours in weekdays, 200% for overtime hours in night time or Sunday, 210% for overtime hours in night time with overtime work before the night time for all workers (production workers, security guards, wastewater treatment workers, etc.).
3. Remediated: The monthly wage, overtime premium and other benefit are calculated accurately, sufficiently and complied with legal requirement, in which 150% for overtime hours in weekdays, 200% for overtime hours in night time or Sunday, 210% for overtime hours in night time with overtime work before the night time for all workers (production workers, security guards, wastewater treatment workers, embroidery workers, etc.). All the employees (direct workers and in-direct workers) are under same management system.

4. Remediated: The monthly wage, overtime premium and other benefits are calculated accurately, sufficiently and comply with legal requirement, in which 150% for overtime hours in weekdays, 200% for overtime hours in night time or Sunday, 210% for overtime hours in night time with overtime work before the night time for all workers (production workers, security guards, wastewater treatment workers, etc.).
5. Remediated: At current, factory applies hourly-rate system for all workers (had been changed from piece-rate to hourly-rate system since August 2018). The monthly wage, overtime premium and other benefit are calculated accurately, sufficiently and complied with legal requirement, in which 150% for overtime hours in weekdays, 200% for overtime hours in night time or Sunday, 210% for overtime hours in night time with overtime work before the night time.
6. Remediated: At current, the factory applies hourly-rate system for all workers (had been changed from piece-rate to hourly-rate system since August 2018). All female workers are provided menstruation leave 30 mins per day, 3 days per month with a clear policy and procedure. Female workers can freely rest at their working location or go to clinic room to rest. From workers interview, all female workers also confirmed they understand this benefit clearly.
7. Remediated: The annual leave tracking record in 2018 and 2019 showed that the factory calculates the length of service for worker's annual leave from the first joining date. The annual leave calculation for new workers is (total working days in the year)/365 * 12 or 14, in which 12 annual leave standard for workers who work at non-hazardous and harmful job and 14 annual leave standard for workers who work at hazardous and harmful job.

Local Law or Code Requirement

Article 98 of Vietnam Labor Law in 2012 and and FLA Workplace Code (Compensation Benchmarks C.1)

Recommendations for Immediate Action

1. Factory is advised to pay 100% of day's basic salary for workers in the downtime of factory due to lack of order or in the case of extraordinary circumstances. 2. Payback the workers who were forced to use annual leave or unpaid leave during downtime.

PREVIOUS FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

- 1.The factory did not pay sufficient severance allowance to two sampled terminated workers who took maternity leave during their employment. Maternity leave, which is not covered by unemployment insurance, is not counted as part of a worker's tenure for their severance payment. 2.The factory did not sufficiently pay severance allowance for two sampled workers in the embroidery section. The workers received three months of severance wages instead of 3.25 months due to a wrong formula. 3.The factory pays terminated workers and resigned workers their last month's wages and severance allowance on the 10th day of the following month (payday), and not within seven days, as legally required.

Local Law or Code Requirement

FLA Workplace Code of Conduct (Compensation Benchmark C.1, C.6, Employment Relationship ER.19) Labor Code No. 10/2012/QH13 (2013), Art. 48; Decree No. 05/2015/ND-CP on Defining and Providing Guidance on the Implementation of a Number of Contents of the Labor Code (2015), Art. 14; Labor Code No. 10/2012/QH13 (2013), Art. 47; FLA Workplace Code (Employment Relationship Benchmark ER.19; Compensation Benchmark C.1)

Recommendations for Immediate Action

- 1.Include maternity leave in tenure when calculating severance allowance. 2.Correctly calculate and compensate severance pay in accordance to law. 3.Pay last wages and severance to terminated workers within seven days of the worker's last day of employment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- Finding no.6.1: Factory is reviewing the policy, procedure to apply correctly & sufficient severance allowance.
--> based on on site follow up on May 16-17, 2017, factory hasn't applied severance allowance payment during resignation.
- Finding no.6.2: This embroidery workshop is subcontractor of VMC Royal with different management. The new management of this factory was on board in July 2016. So far, working at night shift policy was stopped since Feb 2017 (after lunar new year). The compensation amount is in reviewing by the factory management of this workshop.

Action Plan no 2.

Description

- Finding No.6.3: Factory revised the payment policy for severance allowance to ensure timing procedure within 7days.

Company Action Plan Update

09/29/17 : Based on the on-site follow up on May 16-17, 2017: Verified - 2 resigned cases was checked, the severance allowance payment was paid within 7 working days.

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Partially Remediated: Factory paid the severance allowance for resigned female workers who had the non-contribution period of unemployment insurance during their 6 months of maternity leave as legally required. However, the factory did not pay the severance allowance for resigned workers during the past 12 months. The impacted workers had a non-contribution period of unemployment insurance due to sick leave and miscarriage which were not contributed to unemployment insurance, as legally required. For instance, worker A took sick leave from 1st to 27th March 2019 (23 days) and resigned on 29th March 2019. Factory did not pay the severance allowance for this worker when resigned. By factory practice, this has affected 12 resigned workers from February to September 2019. [C.1, C.5]

2. Partially Remediated: Factory calculated the length of service (non-contribution unemployment insurance) of workers accurately and sufficiently. However, factory did not apply the correct wage to calculate the severance allowance for female workers who had six months of maternity leave. For instance, worker A took maternity leave from 1st Jan to 30th June 2019, resigned on 18th July 2019. Factory calculated the severance allowance as below:

1) Factory calculation: average wage of 6 months before maternity leave (from July to Dec 2018) x 1 x 0.5 = VND 2,109,891 (USD 90.5);

2) Correct calculation: average wage of 6 months before termination (from Jan to June 2019) x 1 x 0.5 = VND 2,219,141 (USD 95.2)

This has affected 30 resigned workers from January to July 2019. The factory has applied the correct calculation since August 2019. [C.1, C.5]

3. Remediated: The termination payout for the resigned workers is calculated and paid in a timely manner, as legally required (within 7 work days since terminating labor contract). In practice, factory makes the termination payout every week with cash payment, workers sign their name for confirmation of the payment and the received date.

Local Law or Code Requirement

Article 1 of Decree 148/2018/ND-CP; Article 33 of Law on Social Insurance No. 58/2014/QH13; Article 8 of Circular 47/2015/TT-BLĐTBXH; FLA Workplace Code (Compensation Benchmarks C.1, C.5)

Recommendations for Immediate Action

1. Calculate and pay the severance allowance for resigned workers who had non-contribution period of sick leave and miscarriage as legally required. The factory shall develop in writing the policy and procedure on termination payout regulation to comply with all the requirements of local law.

2. Factory is advised that the severance allowance must be calculated accurately as legally required. The salary as the basis for determination of severance pay is the average salary specified in the labor contractor, it is the six continuous months before the employees resign. Work to identify resigned workers who did not receive the correct severance allowance and work to pay back those workers.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory provides social insurance, health insurance, and unemployment to all workers except new hires in their probation and training periods, which is required by law. 2. The current Compensation policy was issued on May 5, 2015. This update does not include revised content on the new minimum wage and other related benefits to workers. For example, the minimum wage in the current policy states VND 1,440,000 (USD 64) while the current regional minimum wage has been increased to VND 2,700,000 (USD 121). However, workers are paid the current minimum wage rate. 3. The factory discriminates against piece rate workers, including pregnant workers. Pregnant workers who go for prenatal checks or who do not work overtime receive much lower performance assessments than other

workers. Their piece rate wage is also lower because they are working fewer hours, as per law. In some cases, their piece rate wage was affected by both their working hours and their performance rate which is determined by the line leaders. The performance rate for piece-rate workers is based on their attendance, overtime work, and their defect rate. As a result, workers who take sick leave or who are assigned difficult tasks are also affected by this discrimination. This depends heavily on the discretion of the line leaders as they do not have any written procedures to guide them on how to rate the performance of their workers. 4. The factory does not pay workers for the time spent in monthly meetings, which are scheduled during regular working times. The factory organizes the monthly meeting for all workers at 6:40 on either the first or the third Monday; the official working hours start at 7:00. However, these 20 minutes are unpaid. 5. The factory has not posted the wage scale on the work floors, as legally required.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 186(3); Decree No. 45/2013/ND-CP on Elaborating a Number of Articles of the Labor Code on Hours of Work, Hours of Rest, Occupational Safety and Occupational Hygiene (2013), Art. 3, Art. 5.; Labor Code No. 10/2012/QH13 (2013), Art. 93; Decree No. 60/2013/ND-CP on Detailing Clause 3 Article 63 of the Labor Code on Implementing the Democracy Regulation at Grassroots at the Working Places (2013), Art. 6; Decree No. 122/2015/NĐ-CP, Art 3 and 5; FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.16, and ER.22; Compensation Benchmarks C1, C5, and C7; Nondiscrimination Benchmarks ND.1 and ND.3)

Recommendations for Immediate Action

1. Provide all workers including those in the training and probation period with the legally required insurance benefits. 2. Pay all piece-rate workers at a fair wage, free of discrimination. 3. Calculate workers' wages and benefits accurately and include meetings within the paid working hours.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Finding No.7.1: Per VN labor law (article No.26,27), both employer & employee can agree on the probation, the rights during this period. and probation contract must include the content as mentioned in clause no.1, article no.23. And social security enrollment is not mentioned in this part. Currently, factory applies 1 months probation contract for skilled workers and 2 months for workers with college education.

Finding No.7.2: The wage payment policy updated accordingly, the minimum wage was mentioned clearly. The evidence file is as attached,

Finding no.7.4: Factory had official announcement to inform all supervisors/ managers to not arrange monthly meeting with the workers earlier than working time (7.00AM). The evidence file is as attached,

Finding No. 7.5: factory posted wage scale registered of 2017 at company bulletin board. The evidence file is as attached,

Company Action Plan Update

09/29/17 : Based on the on-site follow up at factory on May 16-17, 2017: 7.1 it was verified that factory applied the practice: after 1 month probation period, the definite contract was signed then workers were enrolled to social security. 7.2 factory updated the wage payment policy in 2016. 7.4 it was verified based on the announcement of meeting on Sep 12, 206 & daily attendant record of some workers in Sep 20

Action Plan no 2.

Description

7.3 Factory is going to work with all related depts (IE, HR) to revise the wage payment system at factory

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Remediated: According to Article 186 of Vietnam Labor Law in 2012: 3. For employees not subject to participation in mandatory social insurance, mandatory health insurance, unemployment insurance, in addition to payment by the work, the employer shall pay at the same time of the employee's payment period an additional amount equivalent to the rate of mandatory social insurance premium and

mandatory health insurance, unemployment insurance and the amount of annual leave as prescribed and Article 3 of Vietnam Labor Law in 2012: Interpretation of terms: 1. Employees are people from 15 years old and above, capable of working, working under labor contracts, receiving salaries and subject to the management of the employers. Based on the definition of law, workers under probation and apprentice contracts cannot be considered as "Employees" as local law definition. Hence, as factory current practice, the probationary contract (2 months) for staff, manager and supervisor level and the apprentice contract (1 month) for production workers. Factory contributes the Mandatory insurance for workers after the probationary and/or apprentice contract passed. This practice is complied with legal requirement.

2. Remediated: The minimum wage is regulated in the wage scale and the wage scale is posted in bulletin board in production workshop for all workers' reference. The wage & benefit policy of factory is issued on 1st April 2019 with clearly calculation and the minimum wage shall be changed and updated whenever local law has new requirement on it. Gathering information from workers interview, they aware of the local minimum wage of VND 3,250,000 (USD 139.5) and factory minimum wage of VND 3,412,500 (USD 146.4).

3. Remediated: At current, factory applies hourly-rate system for all workers (had been changed from piece-rate to hourly-rate system since August 2018). There is no discrimination practice for male or female workers on their daily work and wage is equal for both genders. Besides, factory provides the production bonus for all workers base on their performance, team work, attitude, and some of conditions, in which the production bonus are calculated transparent and accurately with proper records. There is no reported case on production bonus during the assessment time or interviews.

4. Not remediated: The factory does not pay workers for the time spent in daily meetings, which are scheduled during regular working times. The factory organizes the daily meeting for workers in Sewing, Printing and Sole departments from 6:50 to 7:00 (10 mins before official work hours). However, factory does not pay this meeting time as overtime payment for workers. [C.7]

5. Remediated: The wage scale is posted in the bulletin board in production for workers' reference. Besides, factory also provides the annual training in which worker's minimum wage and wage level are communicated clearly.

Local Law or Code Requirement

Article 97 & 106 of Vietnam Labor Law in 2012; FLA Workplace Code (Hours Of Work Benchmarks HOW.1; Compensation Benchmarks C.7)

Recommendations for Immediate Action

1. Factory to pay the overtime payment for workers in their meeting time or pre-work activities before the official working hours accurately and sufficiently, as legally required.

PREVIOUS FINDING NO.4

UNCORROBORATED RISK OF NON-COMPLIANCE

FINDING TYPE: Compensation

Finding Explanation

The new owner of the embroidery section changed the annual wage review criteria but did not communicate the changes to the embroidery workers or the Labor Union. This came to light when workers did not receive the annual wage increase they were entitled to as per the old practice.

Local Law or Code Requirement

Decree No. 60/2013/ND-CP on Detailing Clause 3 Article 63 of the Labor Code on Implementing the Democracy Regulation at Grassroots at the Working Places (2013), Art. 6; Decree No. 49/2013/ND-CP on Detailing the Implementation of a Number of Articles of the Labor Code on Wages (2013), Art. 7; FLA Workplace Code (Compensation Benchmark C.17)

Recommendations for Immediate Action

1. Communicate with workers about the changes in the compensation system before applying the new system. 2. Make sure that the Labor Union is involved in any decisions made related to compensation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

8.1 This embroidery workshop is subcontractor of VMC Royal with different management. The new management of this factory was on board in July 2016. factory management is in reviewing and updating company policy, this wage payment policy is also included to ensure it applied correctly.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. The monthly wage, overtime premium and other benefits are calculated accurately, sufficiently and complied with legal requirements of 150% for overtime hours in weekdays, 200% for overtime hours in night time or Sunday, 210% for overtime hours for night work, with overtime work before the night time for all workers (production workers, security guards, wastewater treatment workers, embroidery workers, etc.). All the employees (direct workers and in-direct workers) are under the same management system.

PREVIOUS FINDING NO.5

UNCORROBORATED RISK OF NON-COMPLIANCE

FINDING TYPE: Hours of Work

Finding Explanation

On August 8 and 9, 2016, a week after the assessment, workers contacted the assessors that managers and line supervisors in Workshop B1 forced workers to stay overtime until 21:00 and 22:00, respectively. Workers were locked in the building until they completed the assigned work. The assessor received an additional five calls from workers in the months following the assessment.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 8(3); FLA Workplace Code (Forced Labor Benchmarks F.1, F.4, and F.8; Harassment & Abuse Benchmark H/A.7; Hours of Work Benchmark HOW.8)

Recommendations for Immediate Action

1.Ensure overtime is conducted on a voluntary basis. 2.Ensure buildings are not locked in case of emergencies.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Finding 9.1: On August 8 and 9, 2016, based on the attendance system (file attached), there are no workers working until 21:00. Factory does not allow any practice of locking workers in the building for forcing overtime. The official announcement to inform to all related Dept for not allow locking doors for any purposes during working hours will be posted at workshop and Security Dept.

Company Action Plan Update

09/29/17 : Based on the on-site verification on site on may 16-17, 2017: - 9.1 factory informed to all supervisors, security team for not allow locking doors at workshop during working hours. It also noted during factory tour or interview with the workers.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. There is no forced labour found during the assessment. Workers are free to move during overtime hours.

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Overtime is not voluntary, this was observed on the work floor, as well as from middle management interviews. Overtime is arranged by the lineleaders the same day. If workers do not want to work overtime, they can ask permission from the line leaders, however, this practice can deter workers from asking to not work overtime. 2. Elderly workers do not work fewer hours, as legally required. Their workingtime is eight hours and includes overtime. 3. Working hours frequently exceed 60 hours a week for about 99% ofworkers, this includes excessive overtime in all cases. A review of records showed that this occurred for two to three weeks every month from July2015 to June 2016. The average hours worked from the sampled workers was 66 hours per week which is 18 hours of overtime per week. 4. The 30 minute overtime break is not provided to workers that work 10hours a day, it is only provided to workers who work more than 11 hours aday during the day shift. 5. The factory does not provide any overtime breaks to workers who work thenight shifts. 6. The factory does not grant at least 24 hours of consecutive rest in every seven-day period. On average, workers worked 13 consecutive days. In May and June 2016, 10% and 20% of workers were affected, respectively.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 106, 108, 110, 115, 166; Decree No. 45/2013/ND-CP on Elaborating a Number of Articles of the Labor Code on Hours of Work, Hours of Rest, Occupational Safety and Occupational Hygiene (2013), Art.3, Art. 4, Art. 5; Circular No. 54/2015/TT-BLDTBXH on Guidelines for Hours of Work, Hours of Rest Applicable to Employees Doing Seasonal Production Work and Processing of Goods under Orders (2015), Art. 6; Labor Code No. 10/2012/QH13 (2013), Art. 8(3) Prohibited Acts 3. Coercive labor; Labor Code No. 10/2012/QH13 (2013), Art. 8(4), Vocational Law No. 74/2014/QH13, Art. 39; FLA Workplace Code (Forced Labor Benchmarks F.4.1, F.5.1, and F.8; Hours of Work Benchmarks HOW.1.3, HOW.2, HOW.3, HOW. 4, HOW.5, and HOW. 8)

Recommendations for Immediate Action

1. Develop a procedure to manage working hours to meet the overtime limit. 2. Ensure that weekly working hours do not exceed 60 hours (48 regular work time plus 12 hours for overtime). 3. Ensure that daily (regular + overtime) working hours do not exceed 12 hours a day in normal working conditions, or nine hours a day for laborersdoing extremely hard, hazardous, and/or dangerous jobs. 4. Amend the policy to include a 30-minute break for all workers who work overtime including workers that work 10 hours (eight hours regular working time and two hours of overtime.) Ensure that workers receive the correct break time. 5. Ensure overtime work is voluntary. 6. Provide workers with proper meal breaks, as per the legal requirements. 7. Provide workers with at least one day off (24 consecutive hours of rest) forevery seven-day working period. 8. Shorten working time for elderly workers by an hour, as required by law.

COMPANY ACTION PLANS

Action Plan no 1.

Description

10.1 Factory is reviewing the Overtime working hours policy at factory. The OT registration is going to apply to ensure all workers volunteer to work overtime instead of forcing or workers are assigned by their supervisors

10.2 Elderly workers do not work fewer hours, as legally required. Their working time is eight hours and includes overtime. Factory revised the workplace policy regarding edarly workers. Working hours of edarly workers will be shorten 1hr and no working OT.

10.3,6 Factory will monitor working hours practice to reduce OT

10.4,5 Factory is reviewing the working hour policy at factory to ensure 30 minutes break time and 45 minutes break applied correctly for working overtime from 2hrs or above and night shift.

Company Action Plan Update

09/29/17 : Based on the on-site verification on may 16-17, 2017: 10.1 factory hasnt applied the volunteer OT registration form. It is till arranged verbally by their supervisors. the OT form will be applied once it was approved by factory management 10.2 Factory had elderly worker policy on site. So far, only 1 employee working at Trade Union is considered as elderly worker and factory hasnt applied shortening working hours for this worker. It will be verified in the next follow up to ensure the practice applied correctly. 10.3,4,5 it is in progress of implementing

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Remediated: Overtime work is voluntary. Overtime work registration forms are provided to workers on the same day. If workers do not want to work overtime, they can ask leader's permission.
2. Remediated: Factory has a list of elderly workers in order to control their working hours. There are nine elderly workers currently working. The elderly workers have reduced one working hour/day (work 7 hours/day with full 100% of payment, 6 days/week). Factory also has the clear regulation for elderly workers in Company's Regulation and policy;
3. Not remediated: The time records from October 2018 to September 2019 noted that 50% total of workforce had averaged 60.5 working hours with maximum to 87.5 hours per week (including regular + overtime + Sunday working) during the past 12 month. This amount exceeds the FLA Benchmarks on working hours which only permits 60 hours per week (including regular work hours plus overtime). [HOW.1.1, HOW.1.3, HOW.8.3]
4. Remediated: As a current practice, workers work only one shift from 7:00 to 16:00 and workers who work more than 10 hours per day (including regular + overtime hours) shall be provided with a 30 minute break with pay (150% overtime rate). The time break is divided into shifts: shift 1 (16:00 - 16:30), shift 2 (16:30 - 17:00). This regulation is communicated clearly with all workers on annual training for current workers and orientation training for new workers. Interview workers also confirmed that.
5. Remediated: At current practice, workers work only one shift from 7:00 to 16:00 and workers who work from and above 10 hours per day (including regular + overtime hours) shall be provided 30 minutes of break with pay (150% overtime rate). The time break is divided into two shifts: shift 1 (16:00 - 16:30), shift 2 (16:30 - 17:00). This regulation is communicated clearly with all workers on annual training for current workers and orientation training for new workers. Interview workers also confirmed that.
6. Not remediated: The factory does not grant at least 24 hours of consecutive rest in every seven-day period. On average, workers worked 13 consecutive days. From October 2018 to August 2019, approximately 15% total of workforce was affected. As the result, workers also did not receive at least 4 rest days/month as legally required. [HOW.1, HOW.2]

Local Law or Code Requirement

Article 106 of Vietnam Labor Law in 2012 and FLA Workplace Code (Hours Of Work Benchmarks HOW.1.1, HOW.1.3, HOW.2, HOW.8.3)

Recommendations for Immediate Action

1. Factory is advised that the weekly hours (including regular work hours plus overtime) shall be kept within 60 hours as FLA Benchmarks requirement.
2. Factory is advised to provide one day-off in seven for workers as per standard requirement, besides workers should be received at least 4 rest days per month as legally required.

PREVIOUS FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Even though there are policies and procedures on workplace conduct and discipline, there is no factory commitment to respect the local legal framework and FLA Code. 2. A disciplinary monetary deduction procedure is posted on the female toilet doors found at the permanent soles processing section. These procedures can scare workers and runs the risk of discrimination as these procedures were not seen posted anywhere else. Additionally, these are not the official disciplinary procedures; the procedure that is registered with the government does not include a monetary penalty. 3. The factory's policy allows for a suspension of wage increases as one of the disciplinary methods. There were at least two cases of workers being disciplined by this method in the last twelve months. 4. There is no third-party witness or labor union witness in cases of disciplinary actions. 5. Pat downs are conducted every day when workers leave the factory. 6. The factory implements a lockout at 6:40 on the first or third Monday of the month when the monthly meeting takes place. If workers arrive after 6.40, they are not allowed in on those days and are forced to use annual leave.

Local Law or Code Requirement

Labor code of Vietnam Article 128; Decree No. 05/2015/ND-CP on Defining and Providing Guidance on the Implementation of a Number of Contents of the Labor Code (2015), Art. 30; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.27; Harassment & Abuse Benchmarks H/A.1, H/A.2, H/A.3, and H/A.10; Forced Labor Benchmark F.4.1; Hours of Work Benchmark HOW.12)

Recommendations for Immediate Action

1. Cease using monetary penalties for disciplinary practices, including monetary fines and suspension of wage increases. 2. Cease regular body searches and pat downs. Ensure that search practices are only conducted when necessary. Body searches and physical pat downs shall only be undertaken when there is a legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g. police officer) has ordered the search. 3. Respect workers' free movement and discontinue the lock-out practices and allow

workers to work on days they arrive late. Do not force workers to use their annual leave in these cases. 4. Respect the workers' free movement and cease the lock-in practice and ensure overtime is worked on a voluntary basis.

COMPANY ACTION PLANS

Action Plan no 1.

Description

11.1 Factory is reviewing the commitment of factory management to respect the local legal framework and FLA Code.

11.2 The procedure was removed. It is not part of company policy. All disciplinary action are settled according to progressive discipline.

11.3 Suspension of wage increase was mentioned in discipline procedure, workplace company rule. Factory is reviewing these disciplinary action cases and discuss the cases with management team.

Company Action Plan Update

09/29/17 : Based on the on-site follow up on May 16-17, 2017: 11.1,3 in progress of improvement. 11.2.factory need to have officially announcement to all supervisors/managers/workers regarding the disciplinary monetary deduction applied. All disciplinary cases must be settled in according to company policy.

Action Plan no 2.

Description

11.4 All disciplinary actions taken are involved with Trade Union as 3rd party witness.

11.5 Factory stopped immediately body check when workers leave the factory.

11.6 same with 7.4: Factory had official announcement to inform all supervisors/ managers to not arrange monthly meeting with the workers earlier than working time (7.00AM).

Company Action Plan Update

09/29/17 : Based on the on-site follow up on may 16-17, 2017: 11.4 All disciplinary action cases got trade union signature. The practice was applied since Feb 2017. 11.5 During factory tour, no body check applied when workers leave factory 11.6 factory had announcement to stop arranging meeting earlier than 7.00AM,

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Remediated: The factory shows their commitment to respect the local legal framework in their social compliance policy.
2. Remediated: The assessors did not uncover any monetary fines being used as disciplinary methods during the assessment.
3. Remediated: The factory's current disciplinary practice follows the legal requirements.
4. Remediated: The factory's current disciplinary practice follows the legal requirements.
5. Remediated: The factory no longer conducts pat downs as per applicable standard.
6. Partially remediated: Some production lines have morning meeting 1–2 days per week, for about 5-10 minutes (from 6:50–7:00). If workers arrive after 6:50, they will be reminded by their leader. They are not forced to use annual leave but are not paid for this time. [HOW.1, C.5]

Local Law or Code Requirement

Workplace Code (Hours of Work Benchmarks HOW.1; Compensation Benchmark C.5)

Recommendations for Immediate Action

Factory is advised that workers shall be paid sufficiently for their working time for the factory arrangement.

PREVIOUS FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

Worker coaching occurred in this facility. Four workers reported via phone that they were coached by their supervisors and foremen to tell the auditors positive things about the company and that workers should not disclose the actual conditions in the factory.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25 and ER.26)

Recommendations for Immediate Action

1. Cease coaching practices and ensure there is a system in place where workers can safely voice out their comments and thoughts.

COMPANY ACTION PLANS

Action Plan no 1.

Description

12.1 factory will provide more training for both management and workers about the Audit requirement to avoid any misunderstanding during external audit.

Company Action Plan Update

09/29/17 : During the quarterly visit of PUMA on Apr 11, 2017, some selective workers are interviewed. there is no case of coaching.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Remediated: Based on worker interviews, no coaching activity was found in the current assessment.

PREVIOUS FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1.The chemical warehouse and the chemical mixing area are not fully equipped with spill containers. Secondary containers are missing for some chemical drums. Additionally, the secondary containers for these chemicals are not large enough to hold the volume of the largest chemical container. These secondary containers are made of materials such as iron, tin, and cement, which could potentially react with the chemicals. 2.There are no spill response kits available in the factory, including where chemicals are used and stored. 3.The factory disposes of hazardous lubricant containers outside, unsheltered, and without a secondary container. 4.Glue containers in the chemical warehouse and chemical containers in the chemical mixing area do not have secondary containers.

Local Law or Code Requirement

Circular No. 28/2010/TT-BCT on Specifying a Number of Articles of the Law on Chemicals and the Government's Decree No. 108/2008/ND-CP Detailing and Guiding a Number of Articles of The Law on Chemicals (2010), Art. 5; Law No. 06/2007/QH12 on Chemicals (2007), Art. 30, Art. 35; FLA Workplace Code (Employment Relationship Benchmark ER.1.3, Health, Safety & Environment Benchmark HSE.9)

Recommendations for Immediate Action

1. Provide all chemicals with proper secondary containers (size, sufficiency, compatibility). 2. Properly store hazardous materials by separating the materials and protecting them from weather. 3. Provide spill response kits in the factory, especially in areas where chemicals are stored and used.

COMPANY ACTION PLANS

Action Plan no 1.

Description

14.1 factory checked and equipped all working area exposed to chemical with secondary containment

Company Action Plan Update

09/29/17 : based on the follow up visit on site on May 16-17, 2017: 14.1 Factory provide secondary containment at these areas.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Not remediated: Used light bulbs and used chemical containers are stored outside (behind embroidering workshop) instead of designated hazardous waste storage. [HSE.9]
2. Remediated: Chemical spill response kits are provided in all areas where chemicals are used and stored;
3. Not remediated: Empty chemical containers are stored outside without shelter, and without a secondary container. [HSE.9]
4. Not remediated: There is no secondary containment for at least six chemical containers (TL-108, PC-X, HM-401) at sample workshop and many chemical containers at production workshop. [HSE.9]

Local Law or Code Requirement

Circular No. 36/2015/TT-BTNMT, Art. 6; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.9)

Recommendations for Immediate Action

1. Factory to make sure all wastes are classified, labeled properly and stored at hazardous waste storage.
2. Factory is advised that all chemical containers shall be kept in proper secondary containment.

PREVIOUS FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory did not conduct a risk assessment when UV light was introduced into operations. 2. The factory has not conducted a risk assessment for asbestos to identify equipment and materials that contain asbestos. 3. The factory conducted an inadequate Health, Safety & Environment risk assessment in 2015. The assessment did not identify all of the dangerous and harmful factors at the workplace. The analysis was too general and not specific to each position of the production line or the various work areas.

Local Law or Code Requirement

Law No. 84/2015/QH13, Art 16; FLA Workplace Code (Employment Relationship Benchmark ER.1; Health, Safety & Environment Benchmark HSE.1)

Recommendations for Immediate Action

Conduct risk assessments to identify the Health, Safety and Environmental hazards in each working area, especially in areas exposed to UV light and asbestos, and determine the measures needed to eliminate or manage the hazard.

COMPANY ACTION PLANS

Action Plan no 1.

Description

15.1,2,3 Factory revised the risk assessment for whole workshops, UV light, Asbestos was also included in the risk assessment.

Company Action Plan Update

09/29/17 : Based on the on-site follow up on May 16-17, 2017: factory conducted the risk assessment, the latest update is in Feb 2017. However, only UV light included in RA 2017, the other asbestos hasn't been assessed. It is also noted that the Risk assessment record forms of all areas haven't been reviewed and approved by factory management. It will be verified in the next follow up visit.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Remediated: The factory conducts risk assessment for UV light;
2. Not remediated: The factory has not conducted a risk assessment for asbestos to identify equipment and materials that contain asbestos. [ER.31]
3. Not remediated: The risk assessment is quite general. It does not cover all risks/hazards at all areas. In addition, the factory does not have a process to review the risk assessment annually or a process for review if a labor accident occurs. [ER.31]

Local Law or Code Requirement

Law No. 84/2018/QH13, Article 77 & Circular No. 07/2016/TT-BLĐTBXH, Article 3 & 5; FLA Workplace Code (Employment Relationship Benchmarks ER.31)

PREVIOUS FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. New workers undergo tattoo checks during the recruitment process. The factory also conducts annual tattoo checks as a condition for employment. 2. The factory annually tests foreign workers for HIV, Syphilis, and Hepatitis. 3. The factory has not employed any disabled workers. The factory's recruitment and discrimination policy does not include a nondiscriminatory commitment towards employing disabled persons which can lead to discriminatory practices. Management explained that they have not received job applications from disabled persons. 4. The payroll records, time records, and personnel profiles, including the employment contracts, of the subcontracted workers for sole pre-processing and mold repairing, were not available for review. The factory explained that because these workers do not work permanently inside the factory, they are not able to ask the subcontractors for these documents. 5. The factory does not maintain the personnel profiles, including the employment contracts and age documents, of any of the approximately 100 embroidery workers. The factory claims that these were damaged in a roof leak in June 2016, and therefore they could not verify the age of those workers or if their agreed upon employment terms and conditions are aligned with their employment contracts. There is no plan to reproduce these documents. 6. Employment contracts for foreign workers are only offered in Vietnamese and not in their local language. 7. Workers do not have a copy of their employment contracts. 8. The employment contract does not include the following, as legally required: ID, passport number of the address of the worker; working time; weekly rest time; amount of annual leave; personal protective equipment (PPE) and the tools provided; wage increases and allowances to which workers are entitled. This lack of age documentation increases the risk of child labor. 9. The employment contract for piece rate workers is not aligned with the piece rate but aligned with monthly salary rates. 10. The factory applies an excessive probation period of one to two months to about 16 Quality Assurance workers. Legally, probation periods for QA workers is six days, and can be up to one month depending on the type of work. However, the factory defines the probation period based on the worker's certification and education level rather than the complexity of the job. 11. The factory imposes a probation period on workers after they have undergone a training period. Based on the factory's recruitment policy and procedures, new workers are offered a training contract for one month while they undergo a training period. After completion of the training period, workers are placed under a month to two month probation with a probationary contract. Once probation is completed and evaluated, they either sign an employment contract or are terminated.

Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 6(2), Art. 8(3); Prohibited Acts 3. Coercive labor, Art. 8(4), Art. 8(4,1) Art. 16, Art. 27; Decree No.

05/2015/ND-CP, Art.4; Circular No. 47/2015/TT-BLDTBXH on Guidelines for Labor Contracts, Labor Discipline and Material Responsibility Prescribed in Decree No. 05/2015/ND-CP dated January 12, 2015 of the Government Providing Guidance on the Labor Code (2015), Art. 4; Clause 5 Article 4 of the Decree No. 05/2015/ND-CP; Clause 11 Article 4 of the Decree No. 05/2015/ND-CP; Vocational Law No. 74/2014/QH13, Art. 39; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2.1, ER.3, ER.4.1, ER.5.7, ER.13, and ER.23; Nondiscrimination Benchmarks ND.1, ND.2.1, ND.9, and ND.10; Compensation Benchmark C.15, Child Labor Benchmarks CL.1 and CL.8)

Recommendations for Immediate Action

1. Eliminate all discriminatory procedures as conditions for hiring and employment, such as testing for HIV, Syphilis, and Hepatitis, as well as the tattoo checks. 2. Ensure all personnel profiles – including age documents, labor contracts, time records and payroll – for all workers and in-house subcontractors are available on-site. 3. Provide the employment contract of foreign personnel in both Vietnamese and the worker's language. 4. Provide workers with a copy of their employment contract. 5. Ensure employment contracts meet all legal requirements and are reviewed by workers before signing. 6. Base the length of probation on the complexity of the job instead of workers' certificates or education levels. 7. Ensure that workers do not undergo another probation period after their training contract and ensure that trainees receive employment contracts after the training period. Additionally, develop a mechanism for a skill test to determine the appropriate contract to be offered to workers during the hiring process.

COMPANY ACTION PLANS

Action Plan no 1.

Description

16.1 Factory had official announcement on Aug 20, 2016 to not allow any undergo tattoo checks. The recruitment procedure, it was not mentioned.

16.2 Factory had official announcement on Aug 20, 2016 to not allow any undergo tattoo checks. HIV. The recruitment procedure, it was not mentioned

16.3 Factory has disabled workers policy and also contribute to the local disability fund

16.6 The employment contract of foreign workers were offered in their local language.

16.7 Factory provide copy of labor contract for all workers and get workers' signature when receiving the copy version

16.8 Has revised the labor contract format. All new workers recruited in Apr 2017, all was signed with the new contract

16.10 These workers is belonged to group which is required of college education. Per company policy, these workers are applied 2 months probation.

Company Action Plan Update

09/29/17 : - Based on the quarterly visit of PUMA on Apr 11, 2017 and follow up of FLA assessment on May 16-17: 16.1 some new workers were interviewed, there is no tattoo check practice during the recruitment. - Based on the follow up of FLA assessment on May 16-17, 2017 16.2, factory no longer apply these tests. And also have announcement for not allow any discriminatory practice. 16.3 factory had policy disabled workers 16.6 factory has provided labor contract for foreigner workers in local language 16.7 During the interview, workers said that they received 1 copy version of contract when signing with factory. Besides, factory also got the workers' signature when receiving contract copy version. 16.8 Labor contract of some new workers recruited in 2017 was applied new format. 16.10 factory applied 2 months probation for those position required college education. Following that there is also announcement to inform about the increase of 5% salary after probation passed.

Action Plan no 2.

Description

16.4,5 Due to the poor condition of the embroidery workshop facility, all workers' personnel file recorded was damaged during the rainy season. That is why workers personnel profiles are not be available. the factory is in progress of updating all workers document.

16.9 Factory is in progress of working and reviewing the wage payment system at factory. Once the payment method is agreed, the labor contract will be revised accordingly

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Not remediated: Workers confirm that tattoo check is applied during recruitment process. Assessors did observe workers with tatoos during the assessment. [ND.2]
2. Not remediated: The factory still tests foreign employees on an annual basis for HIV, Syphilis, and Hepatitis. The factory management explained that they are following requirements from the hospital. [ND.1]
3. Remediated: The factory established the disabled worker policy which mentions that the company shall hire the disabled workers if there are disabled candidates who applied to the factory.
4. Not remediated: The payroll records, time records, and personnel profiles, including the employment contracts, of the subcontracted workers (from at least 10 subcontractors) for sole pre-processing and mold repairing, are not available for review. Thus, the working hours and compensation information from these subcontractors could not be verified. Remark: Each subcontractor sends 1-5 workers to work in-house in the factory for 1-6 days a week, depending on the factory's orders. The factory explained that because these workers do not work permanently in-house in the factory, they are not able to request these documents from the subcontractors. [HOW.1, C.1]
5. Remediated: The factory maintains the labor contracts for all sampled workers during the assessment.
6. Remediated: The employment contracts for foreign employees are in Chinese, English, and Vietnamese.
7. Remediated: As reported, workers receive one copy of their labor contract.
8. Remediated: The labor contracts of the workers contain sufficient information as legally required.
9. Remediated: The factory stopped piece rate salary system in July 2018. The current labor contracts state that workers are on an hourly rate.
10. Remediated: The current QA workers sign an apprentice contract for one month. The assessors did not find any cases of workers signing a two month probation contract.
11. Remediated: Currently, the factory only applies apprentice contract without probation contract after completion of the training period.

Local Law or Code Requirement

FLA Workplace Code (Nondiscrimination Benchmarks ND.1, ND.2; Hours of Work Benchmarks HOW.1; Compensation Benchmarks C.1)

Recommendations for Immediate Action

1. Eliminate all discriminatory procedures as a condition for hiring and employment.
2. Eliminate all discriminatory procedures as conditions for hiring and employment, such as testing for HIV, Syphilis, and Hepatitis.
3. Provide all required documents to verify the working hours and compensation of all workers who are from the subcontractors and working in-house in the factory.

PREVIOUS FINDING NO.12

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Twenty percent (20%) of the machines in Workshops A and B have no control panels or operation switches, and no safety instructions in the local languages. 2. The auto water pressing machines in the permanent soles processing section are not equipped with safe operating instructions in the local language. 3. The emergency shut-off mechanisms set up on the sole border grinding machines are not functional and do not stop immediately when the emergency shut-off button is triggered. 4. While there is a double hand operation procedure to protect workers from cuts, workers do not follow this procedure. 5. About 50% of the sewing machines in Workshop A and B do not have needle guards or the needle guards are placed incorrectly (e.g. they are too high) to protect workers. Approximately 30% of high-speed sewing machines do not have eye guards. 6. The heat seal machines for labels do not have safeguards nor is PPE provided to protect workers against burns. 7. One out of four shoe processing conveyor belts do not have a pulley guard. 8. Fifty percent (50%) of the sewing, riveting, and grinding machines are only partially covered. Two fans in the mold repairing area are not covered. 9. The factory does not provide the following: earplugs to workers exposed to noise at the sole washing conveyor belt; safety shoes, goggles, and cotton gloves to workers in the mold repairing area; safety shoes to cutting operators; medical masks to workers exposed to dust in the sole grinding section; and gloves to those working on the grinding process. 10. The factory has not implemented a lockout-tagout system and therefore does not have a list of equipment and machines that require the lockout-tagout system.

Local Law or Code Requirement

Law No. 84/2015/QH13 on Occupational Safety and Hygiene (2015), Art. 13; Law No. 84/2015/QH13, Art.7, Art. 16; Law No. 84/2015/QH13, Art. 15; Law No. 84/2015/QH13, Art.7, Art. 16; National technical regulation on Electric safety (QCVN01:2008/BCT), Art.68; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1 HSE.2, HSE.7, HSE.8, and HSE.14)

Recommendations for Immediate Action

1.Display or post safety instructions, in the languages of all the workers near all machinery. Strictly implement safety procedures. 2.Equip all machines with the appropriate eye guards, needle guards, belt guards, and pulley guards. 3.Ensure workers are provided with and trained on PPE; Regularly monitor for compliance. 4.Develop and implement a lockout-tagout system. Maintain a list of equipment and/or machines that require the lockout-tagout system.

COMPANY ACTION PLANS

Action Plan no 1.

Description

20.1 All SOP of machines was revised (only missing UV lighting process).

20.3 All buffing machines was inspected. Special warning safety signage of this type of machine will posted directly at machine & included in HS training.

20.5 factory will review and install needle guard for all sewing machines.

20.10 In reviewing the log out/tag out procedure to ensure all list of equipment & machined that required logout/tag out system available and applied correctly

Company Action Plan Update

09/29/17 : based on the on-site follow up on May 16-17, 2017 20.1 Factory has revised SOP of all machines at workshop. (Only missing SOP of UV lighting process. 20.5,10 Factory is still in progress of implementing

Action Plan no 2.

Description

20.2 All SOP of machines was revised and set up (including compressing machine SOP).

20.4 the safety operation of this machine was mentioned in the SOP. Maintenance team inspected daily to ensure it well functioned. The training will be included this warning to train to all new & existing workers

20.6,7,8: Maintenance team checked and provide all machines with proper safeguard and cover.

Company Action Plan Update

09/29/17 : Based on the on-site follow up on may 16-17, 2017: 20.2,4: factory has revised all SOP of machines (only missing 1 SOP for UV light process). the training was also included during annual OHS training arranged in Apr 2017. 20.6.7.8: verified during factory tour. machines were installed cover properly.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Not remediated: Approximately 10% of the warning signs and functional buttons of cutting machines at workshop A, B, C and sample workshop are in local language. [HSE.14]
2. Remediated: Safe operating instructions are posted in local language.
3. Remediated: Interlock and emergency button of machines are functional at the assessment time.
4. Remediated: All cutting workers follow double hand operation procedures.
5. Partially remediated: Approximately 20% of high-speed sewing machines do not have plexi-glasses to protect worker's eyes. [HSE.14]
6. Remediated: Heat seal machines are guarded properly.
7. Partially remediated: The moving parts of one processing conveyor are not covered at workshop D. [HSE.14]
8. Remediated: Machines are guarded properly.
9. Not remediated: Worker at chemical mixing room (workshop E) is not provided protective glasses as factory's regulation. Assembling workers are provided fabric protective gloves instead of rubber gloves as required MSDS. [HSE.7]
10. Remediated: The factory implements the Lock-out/Tag-out system and also provides Lock-out/Tag-out equipment for the in-charge persons.

Local Law or Code Requirement

Vietnam Labor Law, Article 138; Circular No. 04/2014/TT-BLDTBXH, Article 5; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.7, HSE.14)

Recommendations for Immediate Action

1. Factory to provide the safety operation procedure for machine in the local language;
2. Factory is advised that high-risk machine are properly covered;
3. Factory is advised that high-risk machine are properly covered;
4. Factory is advised to provide PPEs for worker to protect them from harmful, dangerous elements.

PREVIOUS FINDING NO.13

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.Thirty percent (30%) of all electrical panels do not have a full inner cover or switch labels. 2.In the mold repairing section, the factory does not properly maintain the electrical wires of the welding machines. Electrical wires, including exposed wires, are put on the ground across paths. 3.The fences at the mezzanine level in the soles and material warehouse are too thinly spaced and do not protect workers from accidentally falling.

Local Law or Code Requirement

Law No. 84/2015/QH13, art. 16; FLA Workplace Code (Health, Safety, & Environment Benchmark HSE.13)

Recommendations for Immediate Action

- 1.Properly maintain the electrical wiring, equipment and machinery and ensure all are in good condition. 2.Install proper fences on mezzanines.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 21.2 Factory already maintained all electrical wires of the welding machines at mold repairing workshop
21.3 Factory is in progress of replace the fences at mezzanine floor

Company Action Plan Update

09/29/17 : based on the on site follow up on May 16-17: 21.2 it will be verified in the next follow up. 21.3 factory is in reviewing the quotation to replace the fences at mezzanine floor.

Action Plan no 2.

Description

- 21.1 Factory already checked and maintained properly all electrical panels

Company Action Plan Update

09/29/17 : Based on factory tour on May 16-17: - 21.1 verified - electrical panels are maintained properly

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Remediated: All electrical panels are installed with inner cover and switch label.

2. Partially Remediated: Some electric cords are spliced with tape at the security room and material warehouse. [HSE.13]
3. Remediated: The fences at mezzanines are well structured to protect people from falling

Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.13)

Recommendations for Immediate Action

Factory is advised that all electrical wires shall not be connected by tape.

PREVIOUS FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The fire evacuation procedure does not include steps for ensuring walkways, aisles and emergency exits are free from obstruction or the steps to ensure that all personnel, visitors, contractors, service providers, and all special categories of workers are safely evacuated. 2. The firefighting plan has been developed by the facility for annual drills. However, it was noted that the factory only conducts fire drills in one production building each year using only one hypothetical plan. For example, the facility conducted the firefighting and evacuation drill on the August 28, 2015 in Workshop A but not in the other six production workshops, common facilities, or warehouses in the factory compound. The factory alternates the buildings used in the fire drills each year. The results of the fire drill report showed that workers could not use firefighting equipment competently or skillfully and that the water pumps were not working properly during that drill. 3. There are no signs directing workers to the assembly points, nor are there signs marking the emergency assembly points. 4. A notice posted at the security guard booth noted that foreign supervisors are not allowed to leave the factory compound during overtime hours or on Sundays, unless they have official approval from a factory manager or top management. Only foreign workers live in the dormitories at the factory. Workers corroborated this finding and reported that they were locked into the factory while working overtime on August 8 and 9, 2016. 5. The factory has not conducted a fire risk assessment. The firefighting plan was established in July 25, 2012. There have been layout changes in the factory and the plan has not been updated to reflect the new layout. 6. There are no evacuation plans posted for the finishing and final warehouses, or any mezzanines at each factory, office or dormitory. Evacuation plans do not have a "You are here" indicator. Moreover, the evacuation plans in workshop A, workshop C, and sales warehouses have not been updated according to the new layouts of the production lines. 7. There are no yellow line markings in the temporary sole section for emergency evacuations. 8. There is no fire extinguisher in the air compressor area. There are no spare fire extinguishers in the factory. One of the inspection certificates of the two fire extinguishers in the generator room is illegible. 9. All of production buildings' exit doors are sliding doors. While eating lunch, most workers sit on the floor inside the production building which blocks the emergency exits. At least 30% to 40% of the sliding exit doors are closed during the lunch break. One of the exit doors in Workshop A in the cleaning and finishing control area is locked and blocked by boxes. Out of the two exits in the embroidery area, one exit door is latched and another one blocked by the embroidery machine. The secondary exits in the office buildings do not lead to balconies or safe areas. 10. There are no illuminated exit signs or emergency lights in the supplemental areas for repairing shoes, final warehouse in Workshop A, chemical warehouse, embroidery section, or the office staircase. There is no emergency light in the temporary sole section and the emergency light in the maintenance room and laboratory did not work when tested. 11. The production buildings are equipped with a manual fire alarm, while the warehouse has an automatic fire alarm system. 12. There are no first aid kits in the temporary sole area and in the dormitories for foreign workers. Some first aid supplies are missing (scissors, tourniquet, and forceps) in the work floor first aid kits and the first aid bag in the clinic.

Local Law or Code Requirement

Decree No. 79/2014/ND-CP on Guidelines For The Law On Fire Safety And Firefighting And The Law On Amendments To The Law On Fire Safety And Firefighting (2014), Art. 21; Law No. 84/2015/QH13 on Occupational Safety and Hygiene (2015), Art. 77, 78, 15 and 16; Circular No. 66/2014/TT-BCA on Detailing the Implementation of a Number of Articles of the Decree No. 79/2014/ND-CP dated July 31, 2014 Detailing the Implementation of a Number of Articles of the Law on Fire Prevention and Fighting and the Law on Amendments and Supplements to the Number of Articles of the Law on Fire Prevention and Fighting (2014), Art. 12; Decision No. 2726/BKHCN on Fire protection equipment for building and construction - Providing, installation, inspection, maintenance (2009), Art. 5; TCVN 2622 on Fire prevention and protection for buildings and structure - Design requirements (1995), Art. 7; Circular 19/2016/TT-BYT, Guiding Healthcare for Laborers at Medium and Small-size enterprises, Appendix 04.; Law No. 84/2015/QH13, Art. 16; Labor Code No. 10/2012/QH13 (2013), Art. 8(3); FLA Workplace Code (Forced Labor Benchmarks F.4 and F.6; Health, Safety and Environment Benchmarks HSE.1, HSE.5, HSE.6.1, and HSE.14)

Recommendations for Immediate Action

1. Ensure the fire evacuation procedure includes steps for ensuring walkways, aisles and emergency exits are free from obstruction as well as steps to safely evacuate all personnel, visitors, contractors, service providers, and special categories of workers. 2. Conduct a fire risk assessment. Review results and address any outstanding issues. 3. Conduct an annual fire drill that includes all workers from all shifts

and workshops. 4. Define the designated assembly points for workers in the evacuation procedure. 5. Cease locking exits in the factory; ensure that workers can freely move at all times. 6. Install illuminated exit signs at exits, and ensure the exits remain unlocked, unobstructed and opens outward. Keep aisles leading to exits accessible and clear at all times. Ensure identifiable floor markings are in place and indicate exit routes for each work area. 7. Equip all emergency exits and exit paths with emergency lights; regularly test emergency lights. 8. Provide fire extinguishers for all areas at risk of fire. Maintain all firefighting equipment in good condition, inspect regularly and document inspection records. Ensure there is sufficient number of fire extinguishers in the factory. 9. Ensure there is a secondary emergency exit in the office building that leads to an outside area. 10. Install an automatic fire alarm system throughout the whole factory. 11. Fully stock first aid kits on the factory floor and first aid bags in the clinic with supplies. Frequently check on first aid kit supplies.

COMPANY ACTION PLANS

Action Plan no 1.

Description

22.1 factory is in progress of reviewing fire evacuation procedure. Those mentioned steps will be included in the procedure.

22.2 Factory is only based on the firefighting plan which was developed by local fire police. The improvement of water pump of fire fighting system is in submitting to factory management. all fire fighting team was re-trained on fire safety training annually. The nearest annual training of 2016 was complete in Sep 2016.

22.3 Factory is in progress of installing the assembly points signage at factory.

22.5 factory is in progress of reviewing the fire risk assessment, the firefighting plan will be revised in according to the change of factory layout

22.7 Factory planned to paint the yellow mark at dining area. All workshop exit route was marked with yellow line

22.8 Factory is reviewing all fire extinguishers' locations at factory

22.10 Factory is in reviewing the number of emergency lights to ensure all location equipped properly.

Company Action Plan Update

09/29/17 : Based on the on-site follow up on May 16-17 22.2 factory is in progress of reviewing the quotation to install water pump for fire fighting system. Once it was approved, the replacement will be conducted. 22.1,3,5,7,8,10 All will be verified with solid evidence supported on the next follow up visit

Action Plan no 2.

Description

22.4 So far, factory does not have any policy or practice to not allow employees going out during OT or Sunday at factory. In order to re-mediate this finding, some action taken as follow:

- officially announcement was released to ensure any type of locking door/restricted movement during working time is not allowed
- security log book with time out/in of all foreigner supervisors

22.6 All evacuation plans were posted at workshop.

22.9 Factory had policy on fire safety at factory. All exit doors must be open during working time

22.12 additional first aid boxes was arranged at this area.

Company Action Plan Update

09/29/17 : based on the on-site follow up at factory on May 16-17, 2017: 22.4: during the interview with workers & some foreigner supervisors, there is no restriction on going out during OT working hours or Working on Sunday at factory. the evidence file to be referred in supporting document. 22.6, 12 Verified - during factory tour

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Not remediated: The fire evacuation procedure does not include steps for ensuring walkways, aisles and emergency exits are free from obstruction or the steps to ensure that all personnel, visitors, contractors, service providers and all special categories of workers are safely evacuated. [ER.31]
2. Remediated: The factory conducts the fire drill which follows the approved fire-fighting plan of the local fire police department. The latest fire drill was conducted on September 6, 2019.
3. Remediated: Emergency assembly point is designated and marked clearly.
4. Remediated: Based upon observation and interview, employees are free to move during overtime hours and Sundays.
5. Partially remediated: The factory has developed the fire risk assessment. The fire-fighting plan was developed on March 23, 2015. However, this plan is not updated to the new factory layout: parking area is being changed into material warehouse, printing and label heating machine (caochupo) workshop; canteen is being changed into temporary material warehouse. [HSE.5]
6. Partially remediated: The factory has included a "you are here" indicator on the evacuation plan. However, there are no evacuation plans posted at mezzanines of each factory. [HSE.5]
7. Not remediated: Yellow lines are faded at workshop A. [HSE.5]
8. Partially remediated: There is no back-up fire extinguisher equipped at the factory. [HSE.6]
9. Partially remediated:
 - Exit doors of all production area are sliding doors. However, there is no locking mechanism to prevent them from being closed during working time.
 - One out of two exit doors at embroidering area is blocked by embroidering machine.
 - At least fifteen exit routes are obstructed by production activities and machine. [HSE.5]
10. Not remediated: All emergency lights and exit signs are not illuminated at workshop E (new workshop). There is no emergency light installed at two out of four exit stair cases at dormitory. [HSE.5]
11. Partially remediated:
 - Factory installs automatic fire alarm system at all workshop. However, fire alarm system at workshop E (new workshop) and finished goods warehouse of workshop C are nonfunctional at the assessment time.
 - Two out of three fire alarms are disabled at dormitory. [HSE.5]
12. Partially remediated: First aid kits are provided at all workshops. However, they have only 12 instead of 27 items as legally required. [HSE.18]

Local Law or Code Requirement

Vietnam standard TCVN 2622:1995, Article 7.5; Vietnam Standard TCVN 3890:2009, Article 5, Article 6; Vietnam Building Code No. QCVN 06:2010/BXD, Article 3; Decree No. 79/2014/ND-CP, Article 21; Circular No. 66/2014/TT-BCA, Article 5; Circular No. 19/2016/TT-BYT, Article 6; FLA Workplace Code (Employment Relationship Benchmarks ER.31; Health, Safety and Environment Benchmarks HSE.5, HSE.6, HSE.18)

Recommendations for Immediate Action

1. Factory to ensure exit routes/doors to be clearly marked and post evacuation plan at the workshop.
2. Factory to ensure exit routes/doors to be clearly marked and post evacuation plan at the workshop.
3. Factory to ensure that the number of fire extinguishers reserved shall be not less than 10%.
4. Factory to ensure exit routes/doors to be free from obstruction.
5. Factory install functional emergency light and exit signs at exit doors.
6. The factory to ensure fire alarm system is available and functional.

PREVIOUS FINDING NO.15

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One of the four male toilets in Workshop C is unsanitary with a lot of dust and soil. One of the ten female toilet doors in the sole section is broken. 2. There are seven workers working as cooks for more than 50 foreign workers in the canteen. Only foreign workers eat in the cafeteria. The factory does not conduct proper health checks for workers who work with food. 3. The facility only provides health checks to workers once per year; however, those who work in heavy and hazardous conditions should receive health checks twice per year. Female workers do not receive their legally required gynecology examinations. 4. Root cause analysis done by the investigation team (which includes the nurse and Health & Safety staff) for work-accidents is insufficient and lacks details to provide preventive and corrective action. 5. The factory does not provide food safety training to canteen workers. 6. The factory does not maintain samples of food, as legally required. 7. The medical records related to the health care and treatment provided to workers do not include details on the treatment or prescription workers are provided. 8. In the sample making workshop, the hot iron machine for upper shoes is placed on the walkway which exposes workers who are working or moving around it to burn risks. 9. There are no facilities for workers to breast feed or store breast milk. 10. The expiration date on medication found in the clinic is not monitored properly or recorded in the clinic.

Local Law or Code Requirement

Circular No: 09/2000/TT-BYT, Art III.11; Circular No. 15/2012/TT-BYT on Regulation on General Conditions to Ensure Food Safety for

Manufacturing Facilities, Food Business (2012), Art. 3(1)(2)(3) Labor Code No. 10/2012/QH13 (2013), Art. 152); Law No. 84/2015/QH13, art. 16; Law No. 84/2015/QH13 on Occupational Safety and Hygiene (2015), Art. 38; Circular No.:15/2012/TT-BYT, Art. 3; Circular No. 30/2012/TT-BYT, Art. 3, Law No. 84/2015/QH13, art. 27; Decree No.: 85/2015/ND-CP, Art. 7; FLA Workplace Code (Employment Relationship Benchmark ER.31; Nondiscrimination Benchmark ND.8; Health, Safety, & Environment Benchmarks HSE.3, HSE.18.3, HSE.19, HSE.20, and HSE.22)

Recommendations for Immediate Action

1. Properly maintain toilets facilities; keep toilets clean at all times. 2. Provide canteen workers with health check-ups twice per year to ensure food safety. 3. Provide workers with health check-ups as per the legal requirements. 4. Conduct proper root cause analysis during accident investigations. 5. Provide food safety training to all canteen workers. 6. Keep food samples for least 72 hours, as per FLA Code. 7. Properly maintain all medical records. 8. Provide a lactation room for female workers. 9. Ensure the production layout facilitates safe working conditions. 10. Establish a system to track the expiration dates of medicines at the clinic.

COMPANY ACTION PLANS

Action Plan no 1.

Description

23.1 Factory improved immediately. All toilet were clean.

23.5 factory already arranged food safety training for all kitchen staffs at dormitory in Oct 2016.

23.6 All sample of food cooked was stored & recorded properly.

23.9 Clinic room was provided Freezer.

Company Action Plan Update

09/29/17 : Based on the verification on site on May 16-17, 2017: 23.1 verified during factory tour, all toilet was cleaned. 23.5 food safety training was provided for kitchen staffs of dormitory 23.6,9 it was verified during factory tour

Action Plan no 2.

Description

23.2 Factory will arrange the health check up for these kitchen staffs

23.3 Factory has finished in the first Annual health check up, and the second time will be arranged in late 2017

23.4 factory is reviewing the incident reporting procedure which is included reviewing investigation form.

23.7 Factory will revise the record form at clinic station to ensure all detail of information during treatment of workers on site is noted and written in the log book.

23.8 factory is in disusing the safety issues of this machine, the protective fence & safety warning need to be equipped.

Company Action Plan Update

09/29/17 : Based on the on-site follow up on May 16-17, 2017 23.2, 3 it was verified that factory conducted 1st health check up in Mar 2017, the 2nd time will be planned in Sep-Oct 2017.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Remediated: All toilets are fixed and are well maintained.

2. Remediated: There are four cooking staff who cook for foreign employees in the canteen. They are provided health checks as legally required.

3. Partially remediated: The factory conducts health-checks for workers who work in hazardous and heavy working conditions once per year, instead of every six months as legally required. The two latest health checks were conducted in September 2018 and August 2019. The gynecology check is now included in the health check. [HSE.1]

4. Not remediated: The factory conducts an accident investigation and offers a simple corrective and preventive action without any action. Thus, the corrective and preventive actions are not established or implemented. In addition, the factory does not conduct the

- accident investigation on-time which follows the legal requirement. For example, conducting investigations within four days for light accidents and within seven days for serious accidents. [HSE.1]
5. Remediated: The factory provides food safety training for four canteen staff who cook for the foreign employees.
6. Partially remediated: The factory stores the food samples. However, the samples are stored for approximately 30 hours instead of at least 72 hours as per international standards. [HSE.22]
7. Partially remediated: The factory conducts the audiometry/hearing test for workers who work in noisy working conditions. From the results, there are six workers who have hearing loss. However, the factory has not arranged another working area that is in a less noisy area. [HSE.1]
8. Remediated: Hot iron machines are placed properly.
9. Remediated: The factory provides facilities for workers to breast feed or store breast milk, as legally required.
10. Remediated: The expiration date on medication is monitored and recorded when they are bought. Clinic staff also check expiration dates of medicine at first aid boxes once a week.

Local Law or Code Requirement

Law No. 84/2015/QH13, Article 21, Article 35, Article 38; Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.22)

Recommendations for Immediate Action

1. Provide health checks once every six months for workers who work in hazardous and heavy working conditions as legally required.
2. Conduct proper investigations and implement corrective and preventive actions after accidents happen.
3. Follow the legal requirements in providing the health and safety working environment for the workers.

New Findings and Action Plans

NEW FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Two out of three fire-fighting pumping machines are turned off. Therefore, water supply for sprinkler system is not available. Diesel pumping machine does not have electric supply. [HSE.6]

The factory does not conduct the fire drill at night time for the foreign experts (around 50 persons). [HSE.5]

According to the Inspection Report of the local Fire Police Department on January 18, 2019, it was required that the factory has to equip the fire tool and equipment for the fire-fighting team. However, the factory has not equipped these tools and equipment for the team. [HSE.6]

According to the Inspection Report of the local Fire Police Department on January 18, 2019, it is required for the factory to establish a rescue plan. However, the factory has not established it one yet. [HSE.1]

Local Law or Code Requirement

Vietnam Standard TCVN 3890:2009, Article 8; Circular No. 56/2014/TT-BCA; Decree No. 83/2017/ND-CP; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5, HSE.6)

Recommendations for Immediate Action

1. The factory should ensure fire-fighting pumping machines to be functional.
2. The Factory to conduct the fire drill for personnel who live in the factory.
3. The factory is advised to follow the requirements from the fire police department.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. [done] maintenance team immediately checked and fixed the pumping machine.

3 [in progress] factory planned to equipped appropriate fire tools & equipment for fire safety team on site

4. [in progress] Factory is suggested to contact with local fire police Dept to proceed the rescue plan accordingly.

Planned completion date

12/18/19

Company Action Plan Update

1. [in progress] this finding is still kept on hold for further verification in the next follow up visit to ensure the maintenance implemented & well maintained.

3. [in progress] factory is suggested to review with local fire dept to ensure it remediated properly. this finding is still kept on hold for further verification in the next visit.

4. [in progress] this finding shall be verified in the next follow up visit.

Action Plan no 2.

Description

2. [completed] factory already organized the fire drill for all expats on Dec 6, 2019.

Planned completion date

12/18/19

Company Action Plan Update

2. [completed] during the on-site follow visit, it is noted that factory already organized the fire drill for all expats on Dec 6, 2019.

NEW FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory has around 150 workers who work with cutting and pressing machines. However, these workers have not attended the legally required health and safety training (as defined as Group 3). In addition, at least two forklift drivers and the employees who work at heights have also not attended the mentioned health and safety training course. [HSE.14]

The factory has a first aid committee. However, the members of this committee have not been trained on an annual basis. The latest training was conducted on March 11-13, 2018. [HSE.6]

The factory has two part-time persons who are in-charge of the HSE (Health, Safety, and Environment) instead of at least two full-time persons or an established HSE department to be in-charge of HSE activities in the factory as legally required. [HSE.1]

Local Law or Code Requirement

Decree No. 140/2018/ND-CP, Article 1, Clause 5; Circular No. 19/2016/TT-BYT, Article 9; Decree 39/2016/ND-CP, Article 38; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.6, HSE.14)

Recommendations for Immediate Action

1. Factory to provide sufficient health and safety training for designated workers and employees as legally required.
2. Factory is advised to provide sufficient first aid training for the first aid team as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-2-3 [completed] the OHS training was arranged in Mar 2020.

Planned completion date

12/18/19

Company Action Plan Update

1-2-3 [completed] during the desktop review on Apr 15, 2020 of training record sent, all required OHS training was delivered to the missing group of workers.

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory has not provided chairs with back support and height adjustment for all workers who have to sit during working time.

[HSE.17]

The Working Condition Evaluation was conducted on December 12, 2018 and it lacked of the occupational burden and some ergonomic psycho-physiological indicators for the heavy and dangerous jobs as legally required. [HSE.1]

Local Law or Code Requirement

Vietnam labor code, Article 138; Decree No. 44/2016/ND-CP, Article 35; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.17)

Recommendations for Immediate Action

1. Factory to provide chairs with back support and height adjustment for workers who have to sit during working time.
2. Factory is advised to conduct the occupational burden and some ergonomic psycho-physiological indicators for heavy and dangerous jobs as legally required for the annual Working Condition Evaluation.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. [in progress]t factory planned to replace workers' chairs by stages.

Planned completion date

12/18/19

Company Action Plan Update

- 1 [in progress] the finding shall be kept on hold for further verification in the next follow up visit.

Action Plan no 2.

Description

2. [completed] factory combined ergonomics assessment during the working condition evaluation at the end of 2019

Planned completion date

12/18/19

Company Action Plan Update

'2. [completed] during the on-site follow up visit, noted that the report was released on Nov 5, 2019.

NEW FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

At least 30 air compressors of label heating machines (caochupo) have never been inspected. Their working pressure is from 4 to 7 kg/cm2. [HSE.4]

Local Law or Code Requirement

Decree 44/2016/ND-CP, Article 16 & Circular No. 53/2016/TT-BLDTBXH; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.4)

Recommendations for Immediate Action

1. Factory is advised that all strict required equipment shall be inspected and certificated as legally required

COMPANY ACTION PLANS

Action Plan no 1.

Description

[completed] factory already got the quotation and worked with service provider to arrange inspection. it was done on Nov 7, 2019.

Planned completion date

12/18/19

Company Action Plan Update

[completed] during the on-site follow up visit on Feb 19, 2020. All air compressors were inspected.

NEW FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory has a group of workers in the safety-hygiene network. However, this network does not perform their jobs at the working time. [HSE.1]

Local Law or Code Requirement

Law No. 84/2015/QH13, Article 74; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

[in progress] the factory shall revise their job description, officially announce to other Depts at workshop to promote their responsibility & role as members of safety hygiene network.

Planned completion date

12/18/19

Company Action Plan Update

[in progress] the factory shall revise their job description, officially announce to other Depts at workshop to promote their responsibility & role as members of safety hygiene network. this finding shall be kept on hold for further verification in the next follow up visit.

NEW FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

The facility has not installed a ventilation system in the printing section (2nd floor of workshop E). [HSE.13]
According to the Environmental Impact Assessment (EIA) which was approved on January 15, 2019, the factory has to conduct the environmental monitoring of waste water once every 3 months. However, the factory has only conducted one waste water test in 2019, so far. In addition, the factory does not conduct the environmental monitoring of air quality (from 8 air treatment systems) as required by the EIA. [HSE.1]

Local Law or Code Requirement

Vietnam Labor Law, Article 138; Circular No. 27/2015/TT-BTNMT, Article 10; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.13)

Recommendations for Immediate Action

1. Install ventilation system to protect workers in the printing section.
2. Follow the legal requirements and the approved EIA to implement the environmental monitoring program.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. [in progress] factory already installed the exhausted fans on Oct 29, 2019.

2. [in progress] From 12/2019, a monitoring report will be made every 3 months as prescribed

Planned completion date
12/18/19
Company Action Plan Update

1. [in progress] Factory is suggested to install suction fan system at the printing area. it will be verified in the next on-site follow up visit.
2. [in progress] during the on-site follow up visit on Feb 19, 2020, the 1st quarter report hasn't been done yet. it will be kept on hold for further verification in the next follow up visit.

NEW FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

New female workers are required to commit verbally that they will not get pregnant during the first twelve months. [ND.6]

Local Law or Code Requirement

FLA Workplace Code (Nondiscrimination Benchmarks ND.6)

Recommendations for Immediate Action

1. Factory is advised to eliminate all discriminatory procedures as conditions for hiring and employment, such as testing for HIV, Syphilis, and Hepatitis, appearance, and pregnancy status.

COMPANY ACTION PLANS

Action Plan no 1.

Description

[in progress] On October 12, 2019, a meeting was held and a notice was strictly forbidden to ask for issues related to pregnancy when recruiting workers

Planned completion date
12/18/19
Company Action Plan Update

[in progress] during the visit on site on Feb 19, 2020, this finding is still kept on hold for further verification in the next visit through workers' interview.

NEW FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory has not established promotion, demotion and job-reassignment policy/procedure as per applicable standard. [ER.30]
The factory has not established retrenchment policy and procedure as per applicable standard. [ER.30]

COMPANY ACTION PLANS

Action Plan no 1.

Description

1-2 [in progress] factory shall revise recruitment policy/procedure to include all required sessions. it will be updated in company policy/procedure accordingly.

Planned completion date

12/18/19

Company Action Plan Update

1-2 [in progress] factory shall revise recruitment policy/procedure to include all required sessions. it will be updated in company policy/procedure accordingly. it will be kept on hold for further verification in the next visit.

NEW FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The fire-fighting team attended the fire safety training on September 4 and 5, 2019. However, the factory did not pay the training allowance at 0.5 daily salary for one training day, as legally required. [C.1]

The fire-fighting team of the factory has one captain and 2 vice-captains. However, the factory does not provide the monthly support for them as legally required (30% of the statutory pay rate). [C.1]

According to Article 115 of Vietnam Labor Law in 2012: where the public holidays coincide with a weekly day-off, the employee shall be entitled to take the succeeding compensatory days-off instead. Based on factory's announcement and agreement between workers and Trade Union, workers are entitled one compensation day-off on 29th April 2019 instead of 15th April 2019 for Hung King's anniversary (public holiday is on Sunday). However, there were 12 workers took sick leave on 15h April 2019 and did not receive the sick leave payment (75% of contract wage) as legally required. [C.1, C.5] Remark: factory contacted to local social insurance department on the last assessment day to compensate the sick leave payment for impacted workers.

According to Article 115 of Vietnam Labor Law in 2012: where the public holidays coincide with a weekly days-off, the employee shall be entitled to take the succeeding compensatory days-off instead. Based on factory's announcement and agreement between workers and Trade Union, workers are entitled one compensation day-off on 29th April 2019 instead of 15th April 2019 for Hung King's anniversary (public holiday is on Sunday). However, there were 20 workers who resigned before 29th April 2019 and they did not receive the compensation day-off for their public holiday as legally required. In practice, those mentioned workers worked on 15th April 2019 and were paid 100% of day's basic salary. For instance, worker A worked on 15th April and resigned on 27th April 2019, the public holiday was on Sunday (14th April) and the worker did not receive the compensation day-off as legally required. [HOW.1, C.1]

Factory did not pay the payment of public holiday for resigned workers (Hung Kings Commemorations: 14th April 2019) who resigned from 15 to 20th April 2019. There are 7 resigned workers affected by this practice. [C.1]

Factory did not round up the results of annual leave if the decimal is 0.5 or bigger as legally required for new workers who had not worked full 12 months as legally required. For instance, worker A worked as a Helper, joined on 15th August 2018 and the annual leave calculation was as follows: (total joining days in year)/365 * 12 = 1.54. Factory provided 1.5 annual leave days for this worker instead of 2 annual leave days as legally required. [HOW.1, HOW.11, C.1, C.5]

Factory did not calculate sufficiently annual leave for workers who work harmful and hazardous jobs, as legally required. For instance, worker A joined on 27th Sept 208 with apprentice contract of 30 days and signed a labor contract as Printing & Painting worker on the 27th October 2018. The annual leave calculation is as below: 1) Factory calculation: (total joining days in year)/365*12 = 3.15; 2) Correct calculation: [(total joining days in apprentice contract)/365*12] + [(total joining days in labor contract of 2018)/365*14] = 0.13 + 3.52 = 3.65, then rounded up to 4. [HOW.1, HOW.11, C.1, C.5]

Recommendations for Immediate Action

1. Factory to provide the legally required training allowance for the fire brigade team members.
2. Factory to provide the legally required monthly allowance for the fire brigade team captain and vice-captains.
3. Factory to apply sick leave for all workers sufficiently and accurately. Ensure to communicate the factory's announcement of compensation day-off and holidays to Social Insurance Department to provide the sick leave payment for workers.
4. Factory should provide the compensation day-off for workers when the public holidays coincide with a weekly rest day.
5. Factory is advised to pay the payment of public holiday sufficiently and accurately as legally required for all workers. Recommend calculating back pay for workers who have not received the correct payment.
6. Factory is advised that the annual leave must be calculated accurately and provided sufficiently for new workers who have not worked a full 12 months in a year, as legally required. The result of annual leave shall be rounded up if the decimal is 0.5 or bigger as legally required.
7. Factory is advised that the annual leave must be calculated accurately and sufficiently for all workers who work as harmful and hazardous job position.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. According to the CAP from factory, additional 0.5 days of salary for each employee who participated in the fire safety training on Sep 4-5, 2019 was compensated. The CAP was done on Oct 28, 2019 (based on the official payment from factory management). 62 workers were compensated.

Planned completion date

12/18/19

Company Action Plan Update

1. [completed] During the on-site follow up visit at factory on Feb, 19 2020, it was noted that factory already compensated the insufficient amount of 2days of fire safety training to the employees

Action Plan no 2.

Description

2. Since Feb, 2020, factory already provided the monthly support for fire fighting team (team captain & vice-captain) as legally required.

Planned completion date

12/18/19

Company Action Plan Update

2. [completed] The allowance was paid in Salary of Oct. The announcement was sent out in Oct. Each employee could receive 447,000VND as monthly allowance. attached is the payroll of oct 2019 & Jan 2020 for reference on the allowance payment for these workers

Action Plan no 3.

Description

3-4-5[completed] factory already compensated the insufficient amount to the impacted workers.

Planned completion date

12/18/19

Company Action Plan Update

3-4. [Completed] Factory already paid back the insufficient amount to 12 impacted workers. (based on the list sent from Social insurance dept, government) on Oct 7, 2019.

5. [completed] 20 workers were paid back. Factory is also requested to revise policy/procedure accordingly. The application of revised procedure shall be verified in the next visit

Action Plan no 4.

Description

6. [completed] as updated from factory, from October 2019, the annual leave calculation result of annual leave will be rounded up if the decimal is 0.5 or bigger as legally required.

7. [in-progress] factory already reviewed the policy & procedure to ensure applied it correctly as legal requirements

Planned completion date

12/18/19

Company Action Plan Update

6. [partially completed] Factory already revised the calculation formula of annual leaves. 203 workers were revised the number of annual leaves. it is still in following up with factory during the on-site visit to ensure that factory apply appropriately the annual leaves calculation. (it is noted that factory also revised the policy & procedure of annual leaves application).

7. [in progress] it shall be verified in the next follow up visit based on the revised practice/application from factory management.

NEW FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. The time records from October 2018 to September 2019 noted that:

1) 85% total of workforce had averaged 30.5 OT hours with maximum to 149 hours per month during past 12 months which exceeded the legal limit of 30 OT hours in a month.

2) 20% total of workforce averaged five hours of overtime with a maximum of 14 hours of overtime per day in Dec 2018 and January, March, May and July 2019, which exceeds 50% of the normal working hours in one day as legally required.

3) 90% of the total workforce worked 900 overtime hours during the year of 2018, which exceeds the legal limit of 300 overtime hours in a year. [HOW.1.1]

2. 1) Workers did not scan time-in/out by system of overtime working after 18:00 on weekdays from October 2018 to March 2019; the factory recorded the overtime hours after 18:00 manually. The factory explained that the time keeping system had some problems and was not fixed until April 2019.

2) In October 2018, March, May & July 2019 approximately 330 workers worked a maximum amount of hours from 7:00am to 6:00am the next day (8 regular hours + 14 overtime hours). However, workers scanned time-out at 23:59 and the rest of the six overtime hours were recorded manually. By factory practice, working hours, overtime, and wage and benefits could not be verified for employees who work overtime after 18:00 (6 months) and after 23:59 (3 months). [ER.23]

Local Law or Code Requirement

Article 106 of Vietnam Labor Law 2012 and FLA Workplace Code (Hours of Work Benchmarks HOW.1, Employment Relationship Benchmarks ER.23)

Recommendations for Immediate Action

1. Factory to follow legal limits to overtime hours, monthly and yearly overtime hours shall be kept within 30 hours as legally required. Production plans should be based on a normal working week.
2. Ensure that all working time in factory should be recorded accurately to be shown the detail time-in and out of each workers as per standard requirement.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1,2,3. [in progress] On-site follow up visit on Feb 19, 2020, it is still kept on hold to be verified in the next follow up visit.

4,5 [done] it was followed by PUMA SAFE team via Workers' complaints in Mar 2019 . The issue was immediately followed up thorough on site visit & desktop review. Based on the latest review in May 7 2019, factory already rectified this issue. It also was cross-checked with workers to ensure that factory management to stop practice of manual record.

Planned completion date

12/18/19