



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



### Verification Assessment

COMPANIES: New Balance Athletics Inc.  
PUMA SE

COUNTRY: Vietnam

ASSESSMENT DATE: 08/16/17

ASSESSOR: FLA EMEA

PRODUCTS: Footwear

NUMBER OF WORKERS:

*Improving Workers' Lives Worldwide*

## 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.

## Previous Report Findings and Verification Results

### PREVIOUS FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. The factory does not provide specific training for relevant supervisors on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Grievance System.
2. The factory does not provide ongoing training for workers on workplace standards/code of conduct, Termination & Retrenchment, and Industrial Relations & Freedom of Association.
3. The factory does not provide training on Workplace Conduct for relevant HR staff.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.17.1, ER.17.3, ER.26, and ER.27.2)

#### VERIFICATION RESULT

##### Finding Status

Remediated

##### Remediation Details

1. Finding Status: Remediated  
Explanation: factory conducted training for supervisors and workers on Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Grievance System.
2. Finding Status: Remediated  
Explanation:  
Annual refreshment training is planned and will be conducted to all workers on the factory's policies and procedures on workplace standards and code of conduct, Termination & Retrenchment, and Industrial Relations & Freedom of Association.
3. Finding Status: Remediated  
Explanation:  
HR staff are provided an annual refreshment training together with workers on all of the factory's policies and procedures, including Workplace Conduct and Discipline.

#### COMPANY ACTION PLANS

Action Plan no 1.

##### Description

## Original Action Plan

1. The factory provides annual training program for relevant supervisors on the following Employment Functions:
  - Recruitment
  - Hiring & Personnel Development
  - Wages & Benefits
  - Hours of Work
  - Termination & Retrenchment
  - Industrial Relations & Freedom of Association
  - Workplace Conduct & Discipline
  - Grievance System
2. Provide ongoing training for workers on:
  - Workplace standards/Code of conduct
  - Termination & Retrenchment
  - Industrial Relations & Freedom of Association
3. Provide a training on workplace conduct for relevant HR staff with recorded documentation.

## Progress Updates

10/13/16: The factory is ongoing to conduct training for all related employees as the revised annual training program and completed by Aug 30, 2016

## Company Action Plan Update

1. The factory conducted training for supervisors and workers on Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Grievance System

2. Annual refreshment training is planned and will be conducted to all workers on the factory's policies and procedures on workplace standards and code of conduct, Termination & Retrenchment, and Industrial Relations & Freedom of Association.

3. HR staff are provided an annual refreshment training together with workers on all of the factory's policies and procedures, including Workplace Conduct and Discipline.

## PREVIOUS FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory pays workers using bank transfers. Thus, the factory requires workers to have an ATM card and bank account to withdraw their salary with the ATM card costing 50.000 VND (USD 2.24). The factory makes deductions from workers' wages without workers' written consent, such as the ATM fee, accident insurance, medical insurance, social insurance, unemployment insurance, and personal income tax.

2. The factory does not settle insurance claims (for maternity leave) within three days of receiving approval from the social insurance authority, as required by Social Insurance Law.

3. The factory uses multiple time-keeping systems or records and thereby practices double bookkeeping, indicating systematic fraudulent practices. The factory provided auditors with only one set of payroll and time records showing a monthly overtime maximum of 30 hours and no work done on Sundays. However, interviews with workers revealed discrepancies. Factory management accidentally shared additional contradicting Hours of Work and Compensation reports, revealing excessive overtime exceeding the monthly legal limit of 30 hours and working hours on rest days. There are different and conflicting records on hours and payrolls in several cases. Due to discrepancies between the two different sets of records, the accuracy of Hours of Work and Compensation cannot be verified. A review of relevant documents of resigned workers (payroll, time record, resignation letter), showed that:

a. There are two different payroll lists of workers for resigned workers with one set of records listing 21 resigned workers and the other set listing 23 workers. The basic wage salary, overtime hours, benefits and allowances are the same for both records. However, the factory management could not explain the reason for having two payroll lists for resigned workers.

b. The payroll showed at least 4 cases of workers who worked over 30 hours per month of overtime from 31 hours per month to a maximum of 55 hours per month in October 2015, at least 7 cases of workers who worked overtime from 32 hours per month to a maximum of 61 hours per month in November 2015 and 1 worker who worked a nightshift in November 2015. However, the time records factory provided to assessors showed fewer overtime hours than the other payroll and no nightshift work.

4. The factory provides 14 days of annual leave for workers performing hazardous work, such as operating the knitting machine and cutting fabric, as legally required. All other workers who do not perform hazardous work receive 12 days of annual leave. However, the annual leave calculation for employees whose period of employment is less than twelve (12) months is not correct as per Article 114.2 of the Vietnamese Labor Code. The factory based their calculation formula on 12 days instead of 14 days of annual leave for these new workers who perform hazardous work. Therefore, they were given insufficient paid annual leave days to which they are legally entitled to and were short of pay when they resigned. For example, one worker worked from January 1, 2015 to October 26, 2015 and was provided only 10 days of annual leave when she resigned. As per local law, this worker should be entitled to 11.67 days of annual leave ( $14 / 12 \times 10$  months worker in the year 2015 = 11.67 as stipulated by law). FINDING NO.2

5. The factory provided a one-hour break for workers who work nightshifts, but did not count this break time as part of the working hours. This practice does not comply with Article 108.2 of the local law stating that in case of nightshift work, the employee shall be entitled to a break of at least forty-five (45) minutes, which shall be included in the number of working hours.

##### Local Law or Code Requirement

Law on Social Insurance, Article 117-1 and Decision No. 919/QĐ-BHXH; Labor Code, Articles 108.2 and 114.2; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Compensation Benchmarks C.1, C.11, C.14, C.15, and C.16.1. C.16.1.1; Hours of Work Benchmark HOW.1 and HOW.2)

##### Recommendations for Immediate Action

1. Cease the practice of using double bookkeeping, and ensure that all records on Compensation and Hours of Work, including overtime, work on rest days, and rest breaks are accurately recorded.

2. Ensure that workers do not work more than the legal limit of 30 hours per month.

3. Calculate correctly the annual leave for workers performing hazardous work, who leave before a one year work period has ended. Compensate workers who perform hazardous work with the correct amount of annual leave, according to local law. Retroactively reimburse all eligible workers for the last 12 months, including those who have resigned.

4. Ensure that all breaks for workers who work night shifts are counted as working hours, as legally required.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Remediated

#### Explanation:

Workers are opening bank accounts and obtaining ATM cards directly from the bank. They then provide the factory with their bank account number when they are ready for payment. The factory no longer deducts the ATM fee or bank account opening fee from the workers' salary.

2. Finding Status: Remediated

#### Explanation:

The factory has updated the procedure for payment deadlines for social security claims to be paid within three days.

3. Finding Status: Not Remediated

#### Explanation:

There is off-clock overtime and cash payment practice on workers in workshop C. Overtime that is worked up to 22:00, or later, and Sundays worked are not recorded on the finger print system. Workers are required to punch out at 18:00 even when they work until 22:00 or later. Similarly, Sunday work is not recorded in the biometric system. The off-clock work was paid by the human resource (HR) team in the workshop separately from the official payrolls made by the factory's HR team. This practice was still occurring in July 2017, even though the factory had created a corrective action plan in June 2017. This plan was disclosed to the assessors at the end of the assessment right before the closing meeting and a few hours after the assessors shared the factory about the off-clock work and direct cash payment practice. However, no proof of corrective action plan had been implemented. There was also off-clock work on Hung King Holiday, April 6, 2017, found on the meal sample records matching the meal menu for that day, which the factory could not explain reasons for this off clock work during the holiday; actual working hours and compensation could not be verified. [ER.2, ER.23, C.1, C.14, C.15, C.16, HOW.1]

#### Root Causes:

Ineffective monitoring conducted on working time and compensation practices in the internal audit system.

4. Finding Status: Remediated

#### Explanation:

The factory has changed the formula to calculate the annual leave balance for the workers with less than one year of service to be in line with the legal requirement.

5. Finding Status: Remediated

#### Explanation:

The factory has changed factory regulation to include break time for the night shift from 1:00am to 1:45am. Current break time in the factory is shown on the revised factory regulation. This showed break times from 11:20 to 12:20, 11:40 to 12:40, or 12:00 to 13:00 for the day shift and from 1:00 to 1:45 for the night shift. From workers' testimonials, they are entitled 45 minutes of break during the night shift, which is included in their working hours and paid for correctly

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Compensation Benchmarks C.1, C.14, C.15, and C.16; Hours of Work Benchmark HOW.1)

### Recommendations for Immediate Action

1. Cease the practices of off-clock work and cash payment and ensure all working times and related compensation is reflected on the time records and payroll system.

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

(Completed): The payment is paid fully in Jul'17 payroll. In Aug 2017, the top management and CSR emailed to all Heads of Dept to announce about stopping the offclock work without any delay. In Sep 2017 up to Feb 2018, CSR had issued OT management policy with discipline form in Feb'18 to prevent the off-clock recur and provided training for workers and production management about this policy. In addition, CSR conducts monthly interview workers to check the status.

## PREVIOUS FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. The factory counts absence from work for reasons beyond workers' control (such as sick leave) as annual leave. However, annual leave and sick leave are paid separately with annual leave being paid by the factory and sick leave paid by social insurance, as per legal requirements. Thus, workers loose out on their annual leave with the current factory's practice.
2. The factory does not have workers' consent for overtime work and workers cannot refuse to work overtime. There is no voluntary overtime system, and the factory does not solicit signatures to ensure overtime is voluntary.
3. The factory includes overtime as a regular practice into production planning and has excessive overtime. However, due to discrepancies between different payroll and time records and the factory practicing double bookkeeping, Hours of Work and Compensation could not be verified, including overtime.

##### Local Law or Code Requirement

Labor Code on Annual Leave, Article 111; Labor Code on Overtime Working, Article 106; FLA Workplace Code (Employee Relationship Benchmarks ER.2, ER.16, and ER.23; Hours of Work Benchmarks HOW.1, HOW.2, HOW.8, and HOW.18; Forced Labor Benchmark F.8)

##### Recommendations for Immediate Action

1. Count sick leave separately from annual leave, as legally required.
2. Implement a voluntary overtime signup system and provide training to supervisors and workers to ensure that workers may refuse overtime. Include protections from any form of retaliation to those workers who decide not to work overtime.
3. Ensure that overtime is not included in the regular production planning.
4. FLA affiliate Company's Sourcing and Social Compliance teams should: a) implement FLA Principles of Fair Labor and Responsible Sourcing and b) accordingly coordinate on the topics mentioned below to help the factory address its excessive hours issue:
  - a. How to provide better order forecasts to the factories;
  - b. Possible workshops/consultancy for the factory on how to improve;
  - c. Clear guidelines on how to extend shipment deadlines in case of contingencies;
  - d. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams);
  - e. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks;
  - f. Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

### VERIFICATION RESULT

##### Finding Status

Partially Remediated

#### Remediation Details

##### 1. Finding Status: Partially Remediated

###### Explanation:

The factory has revised the factory's procedures on annual leave approval, in which sick leave is not considered annual leave. However, during the document review and as confirmed by workers, it was noted that at least two sampled workers were deducted their annual leave when they took child care leave, and at least two pregnant workers (who were not listed in the pregnant employee list of the factory) were deducted their annual leave during their pregnancy check-ups. [HOW.11, HOW.16, C.15, ER.2]

###### Root Causes:

The factory does not monitor the implementation well. The person responsible in each workshop does not verify leave records approval.

##### 2. Finding Status: Partially Remediated

###### Explanation:

The factory has revised their overtime policy # VMD-ZD-081 and now make workers sign a form whenever they work overtime. However, overtime is still not voluntary. Workers have to ask for written permission and approval from team leaders and production managers for overtime refusal, otherwise the security guards do not allow them to leave the factory. Workers receive warning letters if they leave the factory without the written approval from the supervisors and managers. [ER.23]

###### Root Causes:

The implementation of the overtime policy is not monitored strictly by the compliance team during the internal audit.

##### 3. Finding Status: Partially Remediated

###### Explanation:

Overtime (OT) policy and procedure was set-up in Aug 01, 2017, however it is only to inform the production on overtime that is already arranged by the production, instead of positively managing OT. There is no system to control overtime at all, it only includes a policy on the overtime reporting channel set-up. The factory still includes overtime as a regular practice into production planning and has excessive overtime. However, due to the off-clock worked detected, the actual working hours in the factory could not be verified. [ER.23, C.15]

###### Root Causes:

Ineffective monitoring conducted on working time and compensation practices in the internal audit system.

#### Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 159, Art. 111; Circular No. 59/2015/TT-BLDTBXH, Art. 3; LAW No. 58/2014/QH13 on SOCIAL INSURANCE (2014), Art. 32; FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.23; Compensation Benchmarks C.15; Hours of Work Benchmark HOW.11, HOW.16)

#### Recommendations for Immediate Action

1. Provide childcare leave and prenatal check-ups to workers as prescribed and separate them from annual leave.
2. Ensure overtime is voluntary and no penalty is applied for overtime refusal.
3. Ensure that overtime is not included in the regular production planning and manage overtime in the legal and FLA limit.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. (Completed): HR had provided the information about childcare leave and prenatal check-ups for workers and separate from annual leave by using sick leave. HR also updates the procedure about sick leave and annual leave for workers to follow and post the information on bulletin board from Jun 2018. 2. (Completed): The OT policy was issued from Feb 2018 to ensure that overtime is voluntary and workers has the right to refuse working overtime without any penalty. The factory communicated production management and workers about the policy. The factory has also established an OT alarm system and approval OT application procedure which the CSR team can review and reject if OT request is excessive. 3. (Completed): OT is managed to be under legal and FLA limit. Factory has built up the system from Sep 2017 to control OT.

## PREVIOUS FINDING NO.4

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Industrial Relations

#### Finding Explanation

1. The factory does not have a written policy or procedures on Industrial Relations & Freedom of Association.
2. The factory has a trade union under the Vietnam General Confederation of Labor (VGCL) that was established in 2004. The current Union chairwoman was elected for a term of 4 years (2012 – 2016). Workers elected the representatives of their department with no interference from the factory management. These representatives then elected the Executive Committee comprised of 9 persons, including management and worker representatives. The Executive Committee then elected the chairwoman. The interviewed committee members were aware of their membership in the committee.
3. 96% workers are Union members. However, they do not sign any application to join the Union since all of them are automatically enrolled in the union upon signing the labor contract. The factory deducts a union fee (20,000VND/month) from the workers' monthly salary without the written consent of workers, although all interviewed workers are aware of this deduction.
4. The factory provides an office with the necessary equipment for the union to conduct daily meetings and for the union representatives to perform their functions.
5. The Collective Bargaining Agreement (CBA) was signed on 06 November 2014 for an undefined time period. The factory does not provide workers with a copy of the CBA. All interviewed workers were completely uninformed about the content of the CBA. There is no evidence that at least 50% of the workforce agreed to the CBA before it was signed, as required in Article 74.2a of the Labor Code.
6. There is no written dialogue procedure. Dialogue meetings between management representatives, union representatives, and about 5% of worker representatives are organized every three months without following the legal procedures. Interviewed workers were aware of the meetings but were not aware of any implementation of the resolutions set through the dialogue.
7. The factory does not periodically review and update its policy and procedures on Industrial Relations & Freedom of Association.
8. FLA Comment: Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated "the rights of workers to establish organizations of their own choosing implies... the effective possibility of forming... [trade unions] independent both of those which exist already and of any political party." Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association.

#### Local Law or Code Requirement

Vietnam Labor Law, Article 63, Clause 3; Decree No. 60/2013/ND-CP; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16.2, ER.17, ER.25, and ER.26; Freedom of Association Benchmarks FOA.2, FOA.15, FOA.18, FOA.19, FOA.20, and FOA.24)

#### Recommendations for Immediate Action

1. Ensure that all workers give their written consent on the deduction of the union fee from their monthly salary.

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

1. Finding Status: Partially Remediated

Explanation:

The Industrial Relation and Freedom of Association policy #VDM-ZD-086 was set-up in December 27, 2016, but only focuses on Nondiscrimination, Grievance Systems and Freedom of Association. In addition, the Industrial Relation procedure has not been established. [ER.25]

Root Causes:

The factory does not understand the FLA code on Industrial Relation.

2. Finding Status: Not Remediated

Explanation:

The factory has a Labor Union under the Vietnam General Confederation of Labor (VGCL) that was established in 2004. The current Union Chairman was elected for a 5 year term (2017 – 2022). The factory said that workers elected the representatives of their department with no interference from the factory management. However, there is no proof that workers themselves elected the nominated list for the final election to the Labor Union representatives and the Labor Union Representatives. None of the interviewed workers knew who the chairman of the trade union was. In addition, there are no meeting minutes from the Trade union conferences to verify if the Trade Union Conference has actually been conducted for the newly formed Labor Union representatives. [FOA.2, FOA.11]

Root Causes:

The factory is not aware of the FLA Benchmark of Freedom of Association.

3. Finding Status: Not Remediated

Explanation:

Workers are automatically signed up to be part of the trade union after signing their labor contract without filling



out the application form. The factory has a list of all the workers and asks them to sign on to this list to automatically join the Labor Union after they sign the labor contract with the factory. From this list, the factory also included the terms of the labor Union fee of VND20,000 (0.88 USD) that workers have to agree to contribute to the labor Union fund monthly. [FOA.2, FOA.24]

**Root Causes:**

The factory is not aware of the FLA benchmarks in Freedom of Association and written agreement with workers on any deduction from workers' wages.

**4. Finding Status: Remediated**

**Explanation:**

The factory now provides an office with the necessary equipment for the union to conduct daily meetings and for the union representatives to perform their functions.

**5. Finding Status: Remediated**

**Explanation:**

The factory provides workers with a copy of the latest CBA.

**6. Finding Status: Partially Remediated**

**Explanation:**

The factory has established a dialog meeting procedure in December 2016 and posted it on the bulletin board. However, this was not consulted with the organizations representing labor collectives at grassroots levels to finalize. The steps to align the content of the dialog meeting, the meeting venue and also the list of attendees and the steps to issue the decision of aligned dialog meetings are missing. From the set-up procedure, the worker representatives sitting in the dialog meetings as mentioned in the dialog procedure are those elected in the last laborer conference. However, the Laborer conference has not been conducted therefore the worker representatives elected from the Laborer Conferences are not available for dialog meetings. In reality, the workers' representatives sitting in the dialog meetings are not elected by workers, but assigned by the factory. Also, during the dialog meetings, only the factory representatives answer the grievances of workers, other compulsory items of the dialog meeting's content such as the Production and business situation, Performance of labor contracts, collective labor agreement, internal regulations and other commitments and agreements at workplace, Working conditions is not discussed during the dialog meetings. [ER.25, FOA.10]

**Root Causes:**

The person who reviews and approves the policies and procedures are not fully aware of legal requirements on dialogue in the work place. Also, the implementation is not properly monitored or governed.

**7. Finding Status: Partially Remediated**

**Explanation:**

The factory established a Policy on Industrial Relation and Freedom of Association in December 27, 2016 but it is not adequately composed. Procedures on Industrial Relation and Freedom of Association has yet to be established. The factory has not reviewed the newly established policy on Industrial Relation and Freedom of Association for its adequacy or to see how it can be implemented. [ER.25, ER.17]

**Root Causes:**

The factory is not fully aware of the legal requirements and FLA benchmarks on Industrial Relation and Freedom of Association.

**8. Finding Status: Not Remediated**

**Explanation:**

FLA Comment: Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated "the rights of workers to establish organizations of their own choosing implies... the effective possibility of forming... [trade unions] independent both of those which exist already and of any political party." Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association. [FOA.2]

**Root Causes:**

Country specific political issue.

**Local Law or Code Requirement**

Vietnam Labor Law, Art. 64; Decree No. 60/2013/ND-CP, Art.10, Art. 11 and Art.12; Law no.238/HD - TLD, Art 2.1.a; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, and ER.25; Freedom of Association Benchmarks FOA.2, FOA.10, FOA.11, and FOA.24)

**Recommendations for Immediate Action**

1. Establish an adequate Industrial Relation Policy and related Procedures.

2. Ensure workers can nominate themselves and others to be in the nominee list for election of Labor Union Representatives. Workers can vote for the Labor Union representatives through the Labor Union Conference with all meeting minutes and proof of votes maintained. Labor Union representatives work closely with and engage with workers in Labor Union activities.

3. Ensure workers can join the Labor Union freely and fill in the Labor Union application form when joining the Labor Union. Obtain written agreement from workers for deduction from their wage for Labor Union fee.
4. Ensure dialog meeting procedure are properly established as prescribed with consultation from the organizations representing labor collectives at grassroots levels and ensure the content of the dialog meeting should be followed.
5. Conduct the regular management review to ensure the Industrial Relation Policy and related Procedures are adequate and available.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Establish an adequate Industrial Relation Policy and related Procedures.
2. Ensure workers can nominate themselves and others to be in the nominee list for election of Labor Union Representatives. Workers can vote for the Labor Union representatives through the Labor Union Conference with all meeting minutes and proof of votes maintained. Labor Union representatives work closely with and engage with workers in Labor Union activities.
3. Ensure workers can join the Labor Union freely and fill in the Labor Union application form when joining the Labor Union. Obtain written agreement from workers for deduction from their wage for Labor Union fee.
4. Ensure dialog meeting procedure are properly established as prescribed with consultation from the organizations representing labor collectives at grassroots levels and ensure the content of the dialog meeting should be followed.
5. Conduct the regular management review to ensure the Industrial Relation Policy and related Procedures are adequate and available.

#### Company Action Plan Update

Processing): The Industrial Relation Procedures # VDM-ZD-086 will be updated on Apr 2020 and will be posted on company notice board, informed to all workers know about the content on May 2020

(Processing): The Industrial Relation and Freedom of Association policy # VDM-ZD-086 is updating based on FLA benchmark and related legal law. It will be completed in May 2020

(Pending): Cannot remediate due to country specific political

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. The factory does not have a written policy or procedures on Workplace Conduct & Discipline.
2. The factory does not periodically review and update its policies and procedures on Workplace Conduct & Discipline.
3. The factory established and registered labor regulations with the Vietnamese government in July 2014. The violation behaviors and disciplinary procedure are mentioned in Chapter VI of the Labor Regulations. However the procedure is not in compliance with the legal procedures prescribed in Article 30 of the Decree No. 05/2015/ND-CP, for example: there is no requirement to issue a written announcement of the participation in the meeting on labor discipline to the grassroots trade union executive committee and the employee at least 5 working day prior the meeting; there is no requirement to issue a written disciplinary decision and send it to the relevant persons; and there is no requirement on who decides which form of discipline will be applied.
4. There is no procedure for workers to appeal disciplinary actions taken against them.
5. A review of disciplinary records from January to November 2015 showed that the disciplinary practices of the factory are not in compliance with the legal procedures prescribed in Decree No. 05/2015/ND-CP:
  - a. The factory manager, who is authorized by the employer, signs all types of discipline, including warnings of and delays of wage increase for six months, while the law states that only the employer can sign the disciplinary measure of delaying wage increase.
  - b. The factory does not follow the legal procedure of issuing a written verification meeting invitation to workers and the Labor Union three times before issuing a final discipline decision.
  - c. The factory deducts from workers' performance bonuses a form of discipline 5,000 VND (USD 0.22) for the 1st warning, 10,000 VND (USD 0.45) for the 2nd warning, 20,000 VND (USD 0.90) for disciplinary actions as registered in the labor regulations.
6. There is an article in the labor regulation that discipline supervisors, managers, and workers who engage in any form of harassment or abuse; however, this procedure is not applied fairly by management. In one case a supervisor was claimed to have verbal abused workers, but there is no evidence that this supervisor was disciplined.
7. The factory does not maintain records of disciplinary actions in employees' personnel files.

#### Local Law or Code Requirement

The Labor Code on Discipline and Material Responsibility, Articles 125 and 128; Decree No. 05/2015/ND-CP; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.2, ER.15, ER.27.3.4, ER.27.4; Harassment or Abuse Benchmarks H/A.1, H/A.2, and H/A/11)

#### Recommendations for Immediate Action

1. Cease the practice of using monetary fines/deducting the Technical Allowance for workers subject to disciplinary measures as a means to maintain labor discipline. Use positive incentives instead.

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

1. Finding Status: Remediated

Explanation: The factory has revised their factory regulation to include written Policy and Procedure of Workplace Conduct and Discipline in September 2016 and communicated the Policy and Procedure to workers by postings on bulletin boards and also through trainings.

2. Finding Status: Remediated

Explanation: The factory has just reviewed and revised its Policy and Procedure on Workplace Conduct and Discipline in September 2016.

3. Finding Status: Partially Remediated

Explanation: The factory revised their regulations in September 2016 which included disciplinary procedures in Article 12 of the factory regulations. The regulations were revised with an added term that only the General Director can sign on to disciplinary decisions. However, the factory still does not conduct the following: issue a written announcement for the participation of the trade union executive committee and employees in the labor discipline at least 5 working days prior to the meeting; issue a written disciplinary decision and send it to the relevant persons, those being all meeting attendants; and the requirement on who is responsible in deciding which form of discipline will be applied.

In practice, for disciplinary cases, the factory sends the written meeting invitation to relevant parties to attend the disciplinary meetings five days prior to the meetings and issues the disciplinary decision to relevant persons as well as establish the Disciplinary committee to decide the level of disciplinary actions applied for any violation. [ER.27]

Root Causes: The person in charge of revising the factory regulations only follows the legal format of regulations

in discipline and material responsibilities to compose the factory regulations.

#### 4. Finding Status: Partially Remediated

Explanation: In the revised factory regulation updated in September 2016, the disciplinary procedure (Art.15.2) states that the laborer who has conducted the violation should be present in the disciplinary meeting, can defend himself/herself, or can have Lawyer or others defend them. However, there is no procedure on the steps for workers to appeal the disciplinary actions taken against them. [ER.27]

Root Causes: The factory does not know what the appeal procedure should be therefore it is not in the procedures. The factory thinks that if workers appeal they should seek legal advice on how to proceed.

#### 5. Finding Status: Partially Remediated

Explanation: In practice, the factory sends meeting invitations to relevant parties to attend the disciplinary meetings and conducts the disciplinary meeting toward violators, including disciplinary meeting minutes and issuing disciplinary decisions to the relevant persons. Currently, the factory legal representative is the only person who can sign on disciplinary measures taken on wage increment suspension and dismissal. However, from worker interviews, the workers performance bonus is deducted for all violations of company regulations and varies in amount depending on the level of seriousness of the violation. The deduction varies from VND50,000 to VND80,000 for minor or major violations. Additionally, wage increment suspension remains one of the disciplinary practices, as written in the factory's regulations. [H/A.2]

Root Causes: The factory does not fully understand the FLA Codes.

#### 6. Finding Status: Not Remediated

Explanation: Chinese Managers and Vietnamese line supervisors consistently verbally abuse workers in all workshops. In addition, as reported by all of workers, workers are shouted at publicly in front of his/her peers on the production line whenever they make a mistake or break any factory regulations or rules. Furthermore, in Workshop D, most of the new workers in the probation period are verbally abused by the production supervisor. From the provided disciplinary records, there is no any disciplinary action applied to supervisors or managers to prevent verbal abuse toward workers. [H/A.5, H/A.6, H/A.8, H/A.11]

Root Causes: Although the factory has the non-harassment policy established, there is no monitoring of actions taken.

#### 7. Finding Status: Remediated

Explanation: The factory has now filed all of their disciplinary records in the workers' personnel profiles as observed from the sampled profiles.

#### Local Law or Code Requirement

The Labor Code of Vietnam, Articles 128; Decree No. 05/2015/ND-CP, Art. 30; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.27; Harassment or Abuse Benchmarks H/A.1, H/A.2, H/A.5, H/A.6, H/A.8 and H/A.11)

#### Recommendations for Immediate Action

1. Include all legal requirements in the disciplinary procedures on the steps for disciplinary actions such as the requirement to issue written announcement for meeting participation on labor disciplines to the grassroots trade union executive committee and the employee at least 5 working day prior the meeting; the requirement to issue a written disciplinary decision to be sent to the relevant persons; the requirement on who decides which form of discipline will be applied and also, the appeal process for workers to apply for disciplinary case taken against them.

2. Cease the practice of using monetary fines/deducting the performance allowance or wage increment suspension for workers subject to disciplinary measures as a means to maintain labor discipline. Use positive incentives instead.

3. Cease the verbal abuse practices of line leaders, supervisors, and Managers towards workers and have a system to discipline the supervisors, managers, and line leaders if they continue to harass and abuse workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Include all legal requirements in the disciplinary procedures on the steps for disciplinary actions such as the requirement to issue written announcement for meeting participation on labor disciplines to the grassroots trade union executive committee and the employee at least 5 working day prior the meeting; the requirement to issue a written disciplinary decision to be sent to the relevant persons; the requirement on who decides which form of discipline will be applied and also, the appeal process for workers to apply for disciplinary case taken against them.

2. Cease the practice of using monetary fines/deducting the performance allowance or wage increment suspension for workers subject to disciplinary measures as a means to maintain labor discipline. Use positive incentives instead.
3. Cease the verbal abuse practices of line leaders, supervisors, and Managers towards workers and have a system to discipline the supervisors, managers, and line leaders if they continue to harass and abuse workers.

#### Company Action Plan Update

Almost actions have been taken, except for

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#### PREVIOUS FINDING NO.6

Reviewing disciplinary procedures to make sure company complies with legal requirements in the disciplinary. It will be done in May 2020

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

#### Finding Explanation

1. The factory does not have a written policy for a Grievance System.

Reviewing disciplinary procedures to make sure company complies with legal requirements in the disciplinary. It will be done in May 2020

2. The factory does not periodically

review or update its policy on Grievance System.

3. There is no evidence that management reviews complaints and grievances and takes appropriate action. The complaint feedback letter is only signed by the HR or Union executive.

#### Local Law or Code Requirement

Decree No. 04/2005/ND-CP; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.2, and ER.25)

#### VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

1. Finding Status: Remediated

Explanation:

The factory has established the Grievance policy #VDM-ZD-025 in December 27, 2016.

2. Finding Status: Remediated

Explanation:

The factory has established the grievance policy in December 2016 and there is a requirement to review this policy annually included into the newly set-up grievance policy.

3. Finding Status: Remediated

Explanation:

As from the provided grievances obtained from the dialog meeting, management has directly answered or

assigned responsible persons to solve the issues raised by workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Adopt a written policy for Grievance System
2. Review and update its policy on Grievance system
3. Get management reviews complaints and grievances and takes appropriate action.
4. Train workers on the updated grievance system

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#### Company Action Plan Update

1.The factory has established the Grievance policy #VDM-ZD-025 in December 27, 2016.

2.

The factory has established the grievance policy in December 2016 and there is a requirement to review this policy annually included into the newly set-up grievance policy.

3.

As from the provided grievances obtained from the dialog meeting, management has directly answered or assigned responsible persons to solve the issues raised by workers.

## PREVIOUS FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. There are no written policy and procedures on Termination & Retrenchment, including a procedure on calculating final payouts.
2. The factory does not communicate its Retrenchment Policy to the general workforce.

3. The factory does not periodically review and update its policy and procedures on Termination & Retrenchment.

4. The factory's practice on termination payouts does not comply with the labor law. The severance allowance paid to those female workers who take six months of maternity leave in the factory is lower than what is required by law. According to Article 14.3c of Decree No. 05/2015/ND-CP, for six months of maternity leave, workers are to be paid a severance allowance based on a rate of 0.5 month of the contract salary. The factory pays a severance allowance based on 0.25 month of the contract salary for the 6- month maternity leave period.

5. The factory never arranges consultation meetings with worker/union representatives before management reaches any final decisions on layoffs.

#### Local Law or Code Requirement

The Vietnamese Labor Code on Termination and Retrenchment, Articles 36-49; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.1.3, ER.16.1, ER.19.1, ER 19.2, ER.32.3, and ER.32.5)

#### Recommendations for Immediate Action

1. Ensure that female workers who take six months of maternity leave are compensated with severance allowance as per legal requirements based on a rate of 0.5 month of the contract salary. Reimburse all eligible workers for the last 12 months that have not received the correct severance payment.

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

1. Finding Status: Partially Remediated

Explanation:

There is no written Policy and Procedures on Termination and Retrenchment established although the factory has established a matrix to instruct what benefits or wage workers are entitled to in different cases of termination, resignation or retrenchment. However, this guide on how to calculate the payout for termination does not include the formula to calculate the payout for workers. [ER.32, ER.19]

Root Causes:

The factory has not fully understood the FLA requirements on how to set-up the Policy and Procedure on Termination and Retrenchment.

2. Finding Status: Not Remediated

Explanation:

The factory does not communicate its Retrenchment Policy and procedure to the general workforce. [ER.16]

Root Causes:

The Termination and Retrenchment Policy and Procedure has not been set-up.

3. Finding Status: Not Remediated

Explanation:

The factory does not periodically review and update its policy and procedures on Termination & Retrenchment. [ER.32]

Root Causes:

The Termination and Retrenchment policy and procedure has not been set-up.

4. Finding Status: Partially Remediated

Explanation:

The factory has established a matrix to guide Human Resources on which benefits and wages workers are entitled to for different cases of termination, resignation, or retrenchment. There is also a guide for severance compensation for terminated or resigned workers which mentions that severance allowance should be granted for the entire service duration, excluding the period of time where jobless insurance is not provided. However, there is no system to track long leave (leave for more than 14 days a month), but have recently tracked maternity leave, for proper severance allowance calculation which leads to severance allowance not properly calculated to those who took long leave during their service with the factory. [ER.19]

Root Causes:

The factory is missing a system to track in detail which period of the service duration workers are not entitled the jobless insurance.

5. Finding Status: Not Remediated

Explanation:

The factory never arranges consultation meetings with worker/union representatives before management reaches any final decisions on layoffs. [ER.32]

Root Causes:

The factory said that there is no any layoff happening in the factory.

#### Local Law or Code Requirement

The Vietnam Labor Code, Articles 36~49; Decree No.05/2015, Art.14; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.16, ER.19, ER.32)

#### Recommendations for Immediate Action

1. Establish written policy and procedures on termination and retrenchment with formula how to calculate the payout for termination and for retrenchment and communicated them to all the workforce and ensure that the factory will have consultation meetings with worker/union representatives before management reaches any final decisions on layoffs.
2. Conduct the periodic management review of the factory's policy and procedures on Termination & Retrenchment.
3. Establish the system to track all the service duration of individual worker with the duration that workers are not entitled the jobless insurance for proper severance allowance calculation.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. (Completed): Policy and procedures on termination and retrenchment with formula how to calculate the payout for termination and for retrenchment and communicated them to all the workforce and ensure that the factory will have consultation meetings with worker/union representatives before management reaches any final decisions on layoffs is updated from Jul 2018 2. (Completed): Termination and retrenchment Policy is communicated to the general workforce 3. (Completed): Conduct the periodic management review of the factory's policy and procedures on Termination & Retrenchment. 4. (Completed): The tracking for individual worker with the duration that workers are not entitled the jobless insurance for proper severance allowance calculation is updated. 5. (Completed): Arrange consultation meetings with worker/union representatives before management reaches any final decisions on layoffs

### PREVIOUS FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory's procedures on Environmental Protection do not cover the following topics: how workers can raise environmental concerns and protection against retaliation for workers who allege environmental violations. [ER.31]
2. The factory does not review or update its policy and procedures on Environmental Protection. [ER.31]
3. The factory's legally required Environmental Impact Assessment (EIA) is outdated, dating back to June 2013. Since then, several buildings and a wastewater treatment facility have been added to the factory premises. The factory does not have a sufficient environmental risk assessment: There is some plan for conservation, but in practice there is no plan to correct or control in case targets are exceeded. The factory exceeded their environmental protection targets in both 2014 and 2015 for Energy & Water. [HSE.4]
4. The factory stores hazardous chemicals without secondary containment in the chemical warehouse, such as solvents and glues. [HSE.9] The chemical warehouse storage lacks complete secondary containment for chemicals and a fire alarm system.
5. The wastewater from air compressors is discharged on the ground instead of proper collection or treatment. The factory has hired a licensed waste disposal company, which does not make any effort to collect or treat the wastewater. [HSE.9]

##### Local Law or Code Requirement

Decree 29/2011/ND-CP; Industrial Waste Water Discharge Standards (TCVN5945, 1995); FLA Workplace Code (Employee Relationship Benchmarks ER.1.3, ER.31.1, ER.31.2.5, and 31.2.6; Health, Safety, & Environment Benchmarks HSE.1 and HSE.9.1)

#### Recommendations for Immediate Action

1. Conduct an internal Environmental Impact Assessment to obtain an updated environmental impact report, covering all new buildings and the wastewater treatment facility, as legally required.
2. Provide secondary containment for chemicals in the chemical warehouse.



3. Install a fire alarm system in the chemical warehouse.
4. Collect wastewater from air compressors for proper treatment and removal.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Remediated

Explanation:

The factory revised its Environmental Policy in December 27, 2016. On Page 3 and 5, there is a section on how to report environmental issues with the hot line number listed there, and the factory commits to protect workers who raise the environmental issues to the factory.

2. Finding Status: Remediated

Explanation:

The factory reviewed and revised its Environmental Policy in December 2016.

3. Finding Status: Not Remediated

Explanation:

The factory has changed and revised its environmental impact assessment (EIA) which was reviewed and approved by the Environmental Department in November 2016 to reflect the update on its environmental aspects. However, its registered book of hazardous wastes has not been reviewed and updated to reflect the changes of the current operational scope of the factory as declared by the latest EIA. Its book is still dated back to July 2014. [HSE.4]

Root Causes:

The factory forgot to update its hazardous waste book together with the EIA.

4. Finding Status: Not Remediated

Explanation:

From observation, there are missing secondary containments for hazardous chemicals used in Workshop A, Workshop D, sample making section, and for paints in the air compressor room and electric generator room. The factory has equipped the fire alarm system in the chemical storage area. However, it did not work when testing on the assessment dates. The factory explained that they are in the innovation at that area so that the factory has to disconnect all the fire alarm system there. [HSE.9]

Root Causes:

The factory does not conduct the monthly inspection on chemical safety as per the frequency set in its chemical safety policy.

5. Finding Status: Not Remediated

Explanation:

Wastewater from air compressors is still discharged on to the ground instead of being properly collected or treated. Also, as per the latest EIA, the factory has committed to treat the waste water discharged from the factory operation to meet the B level of the legal standards before discharging into the waste water treatment system of the industrial zone (IZ) of My Phuoc, then the My Phuoc IZ will do the treatment to the factory's waste water up to level A before discharging into the environment. However, as observed during the plant tour, there is no proof that waste water is treated at the sole, sampling making section and workshop C, but are discharged directly to the sewage without treatment. The waste water system was not working during the assessment. The factory explained that the waste water treatment system was broken and it could not treat the waste water up to the legal standards and the factory had to stop the treatment; they are currently asking the agency to fix it. In the meanwhile, they will ask the Myphuoc IZ to help the factory to treat its waste water to the legal standards. However, as per the provided contract with My Phuoc IZ and its latest invoice for waste water treatment, it was noted that the additional fee to treat the factory's waste water to level B is not charged as explained by the factory. [HSE.9]

Root Causes:

The monitoring and governance is not actually conducted in environmental system of the factory.

### Local Law or Code Requirement

Decree No.38/2015/N-CP, Art.6 and Art.37; Circular No. 36/2015/TT-BTNMT; Industrial Waste Water Discharge Standards (TCVN5945, 1995); FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.4 and

#### Recommendations for Immediate Action

1. Ensure the hazardous waste book is updated.
2. Provide secondary containment for chemicals at the storage and using areas and for waste storage area.
3. Ensure the fire alarm system in the chemical warehouse in a good working condition.
4. Collect wastewater for proper treatment before releasing to the outside collectors.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

3. (Completed): The hazardous waste book is updated from Jul 2014. According to Decree No.38/2015/NĐ-CP, Art.6: The register is only re-granted in case there is a change in generator's name or address, quantity of hazardous waste generating facilities; change or supplementation of the plan for reuse, recycling, co-treatment, treatment and recovery of energy from hazardous waste at the facility. Therefore even the scope of work was changed based on the EIA but the quantity of hazardous waste generating facilities is not changed so the hazardous waste book is no need to be updated. 4. (Completed): The secondary containments are provided for chemicals at the storage and using areas and for waste storage area. 5. (Completed): Wastewater system is installed to collect and have proper treatment before releasing to the outside collectors.

### PREVIOUS FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory's procedures on Health & Safety do not cover the following topics: measures to protect the reproductive health of employees through minimizing exposure to workplace hazards, protection against retaliation for workers who raise Health & Safety concerns, steps on how to ensure that all personnel, visitors, contractors, and service providers will be safely evacuated, steps on how to ensure that all special categories of workers and children in childcare facilities will be safely evacuated, steps that should be taken to protect workers if there is an accidental chemical spill, including identifying those who are responsible for cleaning up the spill, a list of equipment and/or machines that require lockout/tag out (LOTO), and guidance documents for external contractors/service providers concerning Health & Safety.
2. The Health & Safety (HSE) committee does not have worker participation and engagement. The Health & Safety (HSE) committee only consists of members from factory management.
3. The factory does not provide trainings on Health & Safety for foreign managers.
4. The factory does not provide detailed trainings for managers, supervisors, and staff with special responsibilities on safety procedures for lifting/loading, work at heights, and lock-out/tag-out (LOTO).
5. The factory does not have procedures and training on ergonomics and safe lifting or use lifting belts. Forklifts and storage racks in material warehouse do not have loading limits posted nearby.
6. Vehicle safety needs improvement. One forklift driver's permit was expired (2009-2011). The cart towing vehicle (xekeo) driver lacks a driver's license or permit. There is one accident recorded due to forklift driven by an unlicensed individual. Traffic lanes and walkways are not marked.
7. Personal protective equipment requirements are generally posted, but not effectively followed: There were many cases throughout the factory where chemicals and glues were used along all production lines where workers were not using gloves and used regular masks instead of carbon masks as proper Personal Protective Equipment PPE.
8. Most high voltage electric panels were left open and access was not secured.
9. The factory fails to keep updated maintenance logs or records for cooling, exhaust ventilation systems, and air compressors. Such equipment appears dirty and untended.
10. The clinic does not meet legal requirements stating that a factory needs at least one physician for factories with more than 1000 workers. There is only one nurse and one pharmacist and no doctor and emergency contacts were posted by the phone.
11. There is no breastfeeding policy or room, as required by law.
12. Not all chemical containers in production are labeled with their contents and main hazards, and not all employees who work with chemicals know how to work with chemicals safely.

13. The workers handling food do not wear proper PPE, such as masks and gloves in the canteen.

Local Law or Code Requirement

Joint Circular 01/2011/ TTLT-BLTBXH-BYT, CHAPTER II, Decree 85/2015/ND-CP; Decree 85/2015/ND-CP; FLA Workplace Code (Employee Relationship BenchmarksER.1.2, ER.2.1, ER.2.1.1, and ER.31.1; Health, Safety, & Environment Benchmarks HSE.9.1, HSE.9.2, HSE.13, HSE.17.2, HSE.18, and HSE.22; Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Post loading limits for forklifts and storage racks in the material warehouse.
2. Provide training on the forklift to all eligible drivers and obtain a new permit for all unlicensed drivers.
3. Ensure that all faded traffic lanes and walkways are remarked. Establish a system to ensure that all traffic lanes are marked at all times.
4. Regularly train and communicate to workers the requirements to use Personal Protective Equipment PPE at the workplace at all times.
5. Ensure that all high voltage electric panels are closed and secured for access.
6. Establish a system to maintain logs and logs for cooling, exhaust ventilation systems, and air compressors. Ensure that all of these are cleaned appropriately and maintained regularly.
7. Ensure that the clinic meets legal requirements, including the appropriate number of doctors/nurse/pharmacist.
8. Ensure that emergency contacts are posted.
9. Label all chemical containers with their content and main hazards. Ensure that all labels are posted in workers' local language. Ensure that all employees who work with chemicals are trained on chemical usage.
10. Ensure that all canteen staff handle food following proper hygiene rules, and that they are provided with relevant PPE.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Partially Remediated

Explanation:

The factory has revised the Health and Safety (H&S) Procedures in December 27, 2016 to include the commitment to protect workers who raise Health and Safety concerns. The factory also established the policies to protect female workers in December 27, 2016 and another policy dated October 02, 2013 in which female workers from the 7th month of pregnancy or lactating with a child that is less than one year of age will be arranged to work shorter working time. They will also only work jobs in which they are not exposed to any hard or hazardous factors. However there is no procedure with steps on how to rearrange the work for those workers to protect their reproductive health. Also, the following is missing in the updated Health and Safety procedures of the factory: steps on how to ensure that all personnel, visitors, contractors, and service providers will be safely evacuated, steps on how to ensure that all special categories of workers and children in childcare facilities will be safely evacuated, and guidance documents for external contractors and service providers concerning Health & Safety. The factory is also missing a list of identified workers who are responsible for cleaning up spills and a list of equipment and/or machines that require lockout/tag out (LOTO). [ER.2, ER.31]

Root Causes:

The factory does not fully understand the FLA requirements on the protection of reproductive health and H&S in general.

2. Finding Status: Not Remediated

Explanation:

The same H&S committee established in August 2015 is still managing all the H&S aspects of the factory. They are no workers in the committee, only a Director, Production Managers of each workshop, Labor Union representatives, clinic nurse and HR Manager. [ER.31]

Root Causes:

The factory said that it raised to FLA in the last assessment that they would ask FLA's approval to only have managers and supervisors in the H&S committee.

3. Finding Status: Not Remediated

Explanation:

Foreign Managers have not been provided with H&S training. [ER.17]

Root Causes:

The factory said that there is no training course available in Chinese.

4. Finding Status: Not Remediated

Explanation:

The factory does not provide detailed trainings for managers, supervisors, and staff with special responsibilities on safety procedures for lifting and loading, work at heights, and lock-out/tag-out. [ER.17]

Root Causes:

The factory has other priorities in training.

5. Finding Status: Partially Remediated

Explanation:

The factory has established the ergonomic procedure and posted its summary on the bulletin board. However, training is not provided yet on ergonomic. Also, forklifts and storage racks in material warehouses and floors in workshops and soles section do not have loading limits posted. [HSE.17]

Root Causes:

Training materials on ergonomic is not available. The factory does not monitor the load-ability as underestimated the overloading risk.

6. Finding Status: Remediated

Explanation:

The factory has provided forklift drivers with training and they are certified. Also, walkways were marked and separated from the traffic lanes.

7. Finding Status: Not Remediated

Explanation:

As observed, workers do not wear personal protective equipment (PPE) or are not provided with proper PPE when working:

- a. At least 50% of workers do not use required PPE while working in Workshop D.
- b. Workers exposed to glue and solvent in Workshop D do not use gloves, respirators, proper masks, respirator, anti- chemical gloves, or have sleeves. No cotton gloves provided to cutting workers at workshop D. Medical mask instead of dust mask are provided to workers at workshop D; while 30% of workers working in Workshop D are not wearing mask when working;
- c. Goggles are not provided to workers working with hazardous chemicals at the sole production section, sample making section and at screen printing area on the second floor of Workshop A.
- d. Workers mixing chemicals at the chemical mixing area of soles section are provided with dark goggles;
- e. Workers exposed to noise are not wearing earplugs at soles area;
- f. Workers handling carts are not provided with safety shoes;
- g. Workers exposed to UV in Workshop A and soles section are not provided with anti -UV radiation goggles;
- h. About 20% of QC workers handling Nanpao glue at Workshop C have cut the tops off their gloves.

- i. There are no personal protective equipment equipped for workers working with UV, infrared light, and lasers at sole section;
- j. No safety shoes, apron, cotton gloves are equipped for cutting operators at the cutting section (workshop A);
- k. No PPE, tools equipped for maintenance staffs working at high attitude. They are climbing on the top of control panels, which are more than 2 meter high, to do the maintenance or fixing the electric issues;
- l. Cleaners handling and classifying wastes are not provided with any PPE;
- m. Cotton gloves instead of rubber ones used for dish washing by canteen workers.
- n. No boots are provided to canteen workers working on the slippery floor. [HSE.6, HSE.7, HSE.8]

Root Causes:

There is no procedure set-up to define the proper PPE that should be purchased. Also, the factory does not strictly monitor or govern the discipline of workers in using PPE when working.

8. Finding Status: Partially Remediated

Explanation:

About 20% of control panels in the workshops and warehouses, especially about 30% in workshop D, are not locked to limit the unauthorized access during the working hours. [HSE.14]

Root Causes:

The monitoring of electrical safety is not conducted regularly.

9. Finding Status: Partially Remediated

Explanation:

The factory increased the frequency of cleaning for cooling, exhaust ventilation systems and air compressors with the maintenance records posted and maintained. However, as observed, about 20% of cooling and exhaust fans at soles and sample making areas are dirty. Moreover, validation records of one air compressor #03AFA567 expired in July 15, 2017. [HSE.13]

Root Causes:

The factory's filing system is not good and the monitoring of maintenance schedule conducted is not carried out.

10. Finding Status: Not Remediated

Explanation:

The same manpower source is maintained at the clinic. [HSE.18]

Root Causes:

The factory said that they tried to hire a doctor, but they failed as the location of the factory is too far and doctors mostly want to work in big cities.

11. Finding Status: Remediated

Explanation:

The factory has established the policy on the use of the breast feeding room and shared a part of the clinic room with curtain for breast feeding room. The breast feeding area is equipped with some equipment for workers to pump out and store milk.

12. Finding Status: Not Remediated

Explanation:

The same practice was observed regarding chemical safety: Improper labels for chemical containers used at printing area in the second floor of workshop A, at the printing area of the sample making section and also at the chemical mixing area at the chemical warehouse and at the soles section. As the factory reuses containers, the labels on the containers are not the original labels or correct hazard identification labels attached on the chemical containers. Also, new labels are placed on top of old labels which leads to confusion on the chemical content and hazards. Workers exposed to hazardous chemicals at the chemical mixing areas at the chemical warehouse, the soles section, and the spraying worker or screen printing workers are not aware of the risks of chemicals that they are handling with as it is not clear what chemicals are in each bottle. [HSE.9]

Root Causes:

The factory does not conduct strict monitoring to ensure chemical safety procedures and policy are followed.

13. Finding Status: Remediated

Explanation:

Canteen workers are wearing food gloves and masks when serving foods to workers.

Local Law or Code Requirement

Circular No. 04/2014/TT-BLDTBXH, Art. 4; Decree 46/2015/ND-CP, Art 40; Labor Code No. 10/2012/QH13 (2013), Art 138; Decree 44/2016/ND-CP Art 17.4, Circular No. 36/2014/TT-BCT, Art.4, Law No. 06/2007/QH12 on Chemicals (2007), Art.30 and art.37); FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.6, HSE.7, HSE.8, HSE.9, HSE.13, HSE.14, HSE.17, and HSE.18; Employee Relationship Benchmarks ER.1, ER.2, ER.17, and ER.31)

Recommendations for Immediate Action

1. Establish the procedure on protection reproductive health with steps on how to rearrange the work for those workers to protect their reproductive health; Ensure H&S procedures include system/ steps on how to ensure that all personnel, visitors, contractors, and service providers will be safely evacuated, steps on how to ensure that all special categories of workers and children in childcare facilities will be safely evacuated, and guidance documents for external

contractors/service providers concerning Health & Safety, include the list of identified workers who are responsible for cleaning up the spill, a list of equipment and/or machines that require lockout/tag out (LOTO).

2. Ensure workers can join the H&S committee.
3. Provide all foreign Managers with H&S training. Provide detailed trainings for managers, supervisors, and staff with special responsibilities on safety procedures for lifting/loading, work at heights, and lock-out/tag-out
4. Provide workers with training on ergonomic risks and how to eliminate them. Post loading limits for forklifts and storage racks in the material warehouse.
5. Regularly train and communicate to workers the requirements to use Personal Protective Equipment PPE at the workplace at all times.
6. Ensure that all high voltage electric panels are closed and secured for access.
7. Ensure that all of cooling, exhaust ventilation systems, and air compressors are cleaned appropriately and maintained regularly.
8. Ensure that the clinic meets legal requirements, including the appropriate number of doctors/nurse/pharmacist.
9. Label all chemical containers with their content and main hazards.
10. Ensure that all employees who work with chemicals are trained on chemical usage.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Establish the procedure on protection reproductive health with steps on how to rearrange the work for those workers to protect their reproductive health; Ensure H&S procedures include system/ steps on how to ensure that all personnel, visitors, contractors, and service providers will be safely evacuated, steps on how to ensure that all special categories of workers and children in childcare facilities will be safely evacuated, and guidance documents for external contractors/service providers concerning Health & Safety, include the list of identified workers who are responsible for cleaning up the spill, a list of equipment and/or machines that require lockout/tag out (LOTO).
2. Ensure workers can join the H&S committee.
1. Provide all foreign Managers with H&S training. Provide detailed trainings for managers, supervisors, and staff with special responsibilities on safety procedures for lifting/loading, work at heights, and lock-out/tag-out
2. Provide workers with training on ergonomic risks and how to eliminate them. Post loading limits for forklifts and storage racks in the material warehouse.
3. Regularly train and communicate to workers the requirements to use Personal Protective Equipment PPE at the workplace at all times.
4. Ensure that all high voltage electric panels are closed and secured for access.
5. Ensure that all of cooling, exhaust ventilation systems, and air compressors are cleaned appropriately and maintained regularly.
6. Ensure that the clinic meets legal requirements, including the appropriate number of doctors/nurse/pharmacist.
- 7.

Label all chemical containers with their content and main hazards.

8. Ensure that all employees who work with chemicals are trained on chemical usage.

#### Company Action Plan Update

All actions have been taken and completed, except for No 1.

### PREVIOUS FINDING NO.10

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The fire alarms did not work when tested in Factory A and Stock fitting Building (X. De), which are two out of 5 factory buildings: 3 alarms were selected to test and none were operational at the time. One alarm, which failed to work on Day 2, was fixed by Day 3, by replacing the battery. One alarm does not have a call button.

2. The new buildings (Factory C and D) have automatic fire fighting systems, such as sprinklers, smoke detectors, and alarm systems in comparison to older buildings that do not have any automatic fire fighting systems. There is one working alarm control panel (for Factory C) with 20 zones. Most of the factory buildings (at least five major buildings and smaller buildings) lack a working central fire control panel to show where the alarm has gone off; alarms did not work when tested. The factory does not have a service contract with an authorized supplier to maintain the fire alarm or other fire safety equipment. There is no alarm system coverage for risk areas including: chemicals, maintenance, canteen, and waste area. The factory does not have a third party expert Fire Assessment.

3. The factory does not keep any individual test records or maintenance logs for fire alarms, emergency lights, fire hoses, or the firefighting foam system.

4. In Factory C, some fire extinguishers are blocked by products/materials, beside the main entrance.

##### Local Law or Code Requirement

TCVN 3890:2009; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.4, HSE.5, and HSE.6)

##### Recommendations for Immediate Action

1. Install a working, centralized and battery-powered fire alarm system in the entire factory. Ensure that the fire alarm covers all buildings and areas of risk and includes smoke detectors and other passive systems, as required by local law and fire codes.

2. Regularly test and maintain the fire safety system. Keep test and maintenance records. Hire an authorized supplier to conduct periodic inspections.

3. Arrange for a third party expert to conduct a fire risk assessment.

4. Keep all fire extinguishers and fire safety equipment clear and unblocked at all times.

#### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status: Partially Remediated

#### Explanation:

Fire alarm at sole section was broken on the first day of the assessment and it was fixed on the second day of the assessment. The fire alarm indicator does not show where the fire alarm calling point was triggered. Fire alarm system in Workshop D does not function properly when tested. The fire alarm in chemical warehouse did not work when tested. Fire alarms are not audible in the entire factory, but only in workshops. [HSE.5]

#### Root Causes:

The internal inspection of fire alarm is not conducted regularly.

#### 2. Finding Status: Partially Remediated

##### Explanation:

The factory equips the fire alarm system in the chemical warehouse, however, it did not work on the assessment dates. Also, the factory equips the automatic fire extinguishers at the chemical warehouse, generator room, and at the air compressor room. The factory has signed the contract with agency to do the regular maintenance to its fire alarm system and has the third party to conduct the fire risk assessment. However, the regular inspection by the competent agencies were not conducted for automatic fire extinguishers such as fire balls, sprinkler system and smoke detectors in the factory. Fire balls equipped in air compressor room, electric generator room, and chemical mixing area are expired. [HSE.5]

#### Root Causes:

The monitoring of fire safety system in the factory is adequate.

#### 3. Finding Status: Not Remediated

##### Explanation:

The factory has rolled out monthly internal inspection for the emergency lights, fire hose and firefighting foam system and have the external inspection for them at least every 6 months for them as per the factory's records. However, it was noted that external inspection record attached on all fire extinguishers in the entire factory are manually amended with the validated inspection year to 2017 from the original one of 2016. Further, approximately 90% of spared fire extinguishers were expired. A fire extinguisher was found broken and not mounted next to canteen of workers. At least two fire extinguishers in the second floor of material warehouse building and in workshop A are not mounted. One of two fire extinguishers in kitchen is not mounted. Fire hose near the dormitory building was torn and was not equipped with collective pipes. [HSE.4, HSE.5]

#### Root Causes:

The actual monitoring on fire equipment has not been regularly conducted.

#### 4. Finding Status: Not Remediated

##### Explanation:

During the walkthrough, it was still observed that about 20% of fire extinguishers were blocked by tools, semi products in the Workshop C, the sole building, sample making section, sample making warehouses, in the air compressor room, and on the 4th floor of workshop C. In addition, about 30% of fire calling points at sole section, sample making area were blocked by machines and equipment. Fire hose near the dormitory building was also blocked by scrubs. One fire hose in the second floor of material warehouse building was blocked. [HSE.5, HSE.6]

#### Root Causes:

The internal inspection on the accessibility of the fire- fighting system is not conducted regularly.

#### Local Law or Code Requirement

Decision No. 2726/BKHCN (2009), Art. 5(1)(3), Art. 4(6) and Art. 6(1); Labor Code No. 10/2012/QH13 (2013), Art 147; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.4, HSE.5, HSE.6 and HSE.19)

#### Recommendations for Immediate Action

1. Ensure that the fire alarm works well and is audible throughout the entire factory.
2. Conduct regular inspections for fire equipment and maintain proper records.
3. Keep all fire extinguishers and fire safety equipment clear, mounted and unblocked at all times.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. (Completed): Fire alarm is checked monthly by third party to ensure fire alarms

in good condition and audible throughout the entire factory

2. (Completed): Conduct monthly inspections for fire equipment and maintain proper records.



3&4 (Completed): Keep all fire extinguishers and fire safety equipment clear, mounted

and unblocked at all times.

## PREVIOUS FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Communication & Worker Involvement (Macro)

##### Finding Explanation

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes.

##### Local Law or Code Requirement

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

### VERIFICATION RESULT

##### Finding Status

Partially Remediated

##### Remediation Details

1. Finding Status: Partially Remediated

##### Explanation:

Although the factory has established the policy #VDM-ZD-078 dated December 27, 2016 to get workers' inputs or feedbacks to any procedure or policy that are going to be issued in the factory, in practice, it is not implemented yet. Factory does not get workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1.3 and ER.25.2]

##### Root Causes:

Lack of manpower in HR team to implement this policy.

##### Local Law or Code Requirement

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

##### Recommendations for Immediate Action

1. Ensure workers are systematically engaged or consulted into the creation, implementation, and updating of its policies and procedures.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

The factory has gradually applied to engage or consult workers into the creation, implementation, and updating of its policies and procedures. This action to be completed by Aug 2020

##### Company Action Plan Update

Updating policy VDM-ZD-078 to get workers' input/feedback regarding the creation, implementation and updating of company's policies and procedures

## New Findings and Action Plans

### NEW FINDING NO.1

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Policies & Procedures (Macro)

#### Finding Explanation

1. There is no policy and procedure to manage the compliance of in-house subcontractors and contracted workers working in the factory [ER.1.1, ER.7.2]
2. There is no system to track/control the documents in the factory at all. Old versions and new versions of policies and procedures are mixed and used in the factory. While, document control policy/ procedure has been established by 2012 but not implemented currently. Even the factory did not know that they had such procedure onsite. [ER.1.3]
3. There are no established procedures to manage the re-use of the cooking oil/ and to handle the food sampling. There is no procedure set-up to manage the quality and origin of food materials at the canteen. [HSE.12]
4. There is no policy and procedure to review all policies and procedures and to update laws/ requirements available [ER.1.3]
5. There is no procedure with detail guidelines and steps for job transfer to ensure non- discrimination. [ER.1, ER.30, ND.1, ND.2]
6. There are no procedures established to properly handle UV, laser, infrared lights used in the factory. [HSE.2]
7. There is no procedure established with clear criteria to define the quality of the personal protective equipment to be purchased that should be equipped for each position. Currently, the criteria for PPE purchasing is cost oriented only. [HSE.2]
8. The factory does not conduct the management review on all policies and procedures periodically. Some are not reviewed since 2013. [ER.1.3]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.7.2, ER.1.3 and ER.30); Non Discrimination Benchmarks ND.1, ND.2; Health, Safety and Environment Benchmarks HSE.2, HSE.12)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. (Completed): The policy and procedures for compliance management of inhouse subcontractors and contracted workers are established and provided the training to related people from Mar 2018. 2. (Completed): Policies and procedures are tracked and updated yearly from Mar 2018. 3. (Completed): The procedures to manage inside canteen (reuse cooking oil) and subcontracted canteen (food sampling, quality and origin of food materials) are updated from Mar 2018. 4. (Completed): The policy and procedure to review and update law/requirements available is updated from Feb 2018. 5. (Completed): The policy and procedure for job transfer (ZD-038) is updated from Jul 2018 to list out the steps and ensure non-discrimination. 6. (Completed): The procedures to handle properly UV, laser, infrared lights used in the factory is updated from Mar 2018. All the warning sign at the machine use UV, laser, infrared lights is posted. 7. (Completed): The procedure with clear criteria to define the quality of the PPE to be purchased that should be equipped for each position is updated from Mar 2018. 8. (Completed): All the policies and procedures are reviewed and updated yearly from Mar 2018.

## NEW FINDING NO.2

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Responsibility & Accountability (Macro)

#### Finding Explanation

1. Job description is not yet defined and established for persons in charge of Health and Safety; Environmental Protection, person with ultimate responsibility, Wage and Benefits, Grievance System and Industrial Relation in the factory. [ER.1.2]
2. Job transferring is applied but the factory does not have written agreements with workers. Job transfer is conducted verbally by the line leader, HR then updates the list of workers in their workshop to the main HR office. [ER.30]

#### Local Law or Code Requirement

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. 8; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.30)

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

1. (Completed): All job descriptions for the person in charge of Health and Safety; Environmental Protection, Wage and Benefits, Grievance System and Industrial Relation in the factory are updated from Mar 2018. 2. (Completed): The policy and procedure for job transferring is updated and add more column for getting worker's agreement from May 2018.

## NEW FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

#### Finding Explanation

1. There is a deficiency in payroll records: overtime compensations for different overtime premiums are not separated on the payroll journals. [ER.1, C.1, C.15]
2. The factory does not provide any accommodation for workers with chronic diseases. [ND.12]
3. Senior allowance is not offered anymore and performance bonus is provided based on productivity. However, it is not properly aligned or communicated to workers. [C.17]

#### Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 93; Decree No. 60/2013/ND-CP (2013), Art. 6; FLA Workplace Code (Employment Relationship Benchmarks ER.1; Compensation Benchmark C.1, C.15 and C.17; Non-Discrimination Benchmark ND.12)

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

1. (Completed): Separate OT compensations on the pay slip from Mar 2018. 2. (Completed): Provide accommodation (clinic room) for workers with chronic diseases 3. (Completed): Communicate clearly to workers about incentive bonus in yearly company regulation's update in May 2018.

## NEW FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Hours of Work

#### Finding Explanation

1. Overtime policy /procedure has been set-up in August 2017. However, it is just to inform the production on the overtime already arranged by the production, instead of positively managing OT. There is no system to control overtime at all, but this is the only overtime reporting channel. [ER.1, HOW.1.2]
2. The procedure of recording the working hours was established in October 2015 and has not been reviewed since then, while the factory had changed the time record system from swipe card system to the finger print one since April 2016. [HOW.1.2, ER.1]

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

1. (Completed): Started to apply the system to control overtime from Feb 2018 2. (Completed): The procedure about recording working hours was revised by Jul 30, 2018

## NEW FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. Personnel development policy and procedure are not properly set-up as it does not include any information on personnel development, only skill training for workers. [ER.1, ER.28]
2. Training on how to calculate wage and benefits are not effective. The workers do not know how to calculate their wages and overtime. [C.17, ER.1]
3. The training material to the recruitment staff on the recruitment procedures is not established nor conducted. [ER.1]
4. It took assessors more than a day to confirm from which factories the groups of unidentified subcontracted and contracted workers were who were working in Workshop A. The factory does not have a system to verify the identification of subcontracted or contracted workers while the HR has issued them with the subcontractor badge to easily enter or leave the factory without any further tracking. [ER.2, ER.11]

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.11 and ER.28; Compensation Benchmark C.17)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. (Completed): Personnel development policy and procedure are updated from Feb 2018
2. (Completed): HR re-trained workers how to calculate their wages and overtime from Mar 2017 and post clearly in the bulletin board.
3. (Completed): The training material to the recruitment staff on the recruitment procedures is established and conducted from Mar 2018.
4. (Completed): Establish the policy and system to control subcontracted or contracted workers from Mar 2018.

## NEW FINDING NO.6

### UNCORROBORATED RISK OF NON-COMPLIANCE

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. There is a reported case that worker in Workshop C would ask for permission to shorten the overtime work to 17:30 instead of 18:30 or 20:00 to pick-up her child at school, but did not get approval from her supervisors and production manager. She had to leave the factory and received a warning letter the day after, and was shouted at by her line leaders, supervisor, and production manager. They no longer allow her to work overtime. She was forced to stay hidden in the warehouse in order not to talk to the assessors during the assessment. [ER.16, ER.17, ER.26, ER.27, HOW.8, H/A.1, H/A.2, H/A.5, H/A.7]
2. There is a reported case that a line foreman in Workshop C needed to resign immediately due to a family emergency and submitted his resignation. Even though he was willing to pay for the penalty for breaking the advance notice period, he did not get approval from his managers. He had to wait for 45 days of advance notice before his resignation could be approved which is the legal requirement in Vietnam. [ER.1, ER.17, ER.32, F.2, F.7]

##### Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 8(3), Art. 37 and Art. 43; FLA Workplace Code (Employment Relationship

Benchmarks ER.1, ER.16, ER.17, ER.26, ER.27, and ER.32; Hours of Work Benchmark HOW.8; Harassment and Abuse

Benchmarks H/A.1, H/A.2, H/A.5, H/A.7; Forced Labor Benchmarks F.2 and F.7)

##### Recommendations for Immediate Action

1. Cease the verbal abuse and unfair disciplinary practice. Ensure overtime work is voluntary and workers can be freely expressing their concerns with free of retaliation.

2. Review termination of labor contract to respond to emergency situations.

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

1. (Completed): Overtime management policy is updated from Feb 2018 to ensure working overtime is voluntary and workers can be freely expressing their concerns with free of retaliation. Re-training company rules for all production supervisors and managers from Mar 2018. Maintain monthly internal audit and interview workers and timely handling to ensure work OT is voluntary 2. (Completed): The policy about termination is updated to ensure workers can terminate in case of emergency situations. Public and communicate clearly with all employees.

## NEW FINDING NO.7

## IMMEDIATE ACTION REQUIRED

**FINDING TYPE:** Workplace Conduct & Discipline

### Finding Explanation

1. The factory posted the warning on the work floor at soles section that workers using the grinding machines before changing the grinding plates have to remove the air compressed pipes and cover them otherwise they would be dismissed, which is not listed in the violations leading to dismissal in the registered factory regulations. [H/A.1, ER.1, ER.16, ER.17, ER.27]

### Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 128; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.17 and ER.27; Harassment and Abuse Benchmarks H/A.1)

### Recommendations for Immediate Action

1. Cease abusive practices in the factory and ensure workers are respected.
2. Ensure disciplinary actions matched with ones listed in the registered factory regulations.

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

(Completed): The factory had ceased abusive practices by check totally and remove all warning notes which did not match with factory regulations). Provided training and remind all supervisors & HSE network cannot post unapproved warning notes in production area. Reviewed the registered company regulations to ensure disciplinary actions matched with it.

## NEW FINDING NO.8

## IMMEDIATE ACTION REQUIRED

**FINDING TYPE:** Recruitment, Hiring & Personnel Development

### Finding Explanation

1. Recruitment age is limited to 18-35 as reported and confirmed by supervisors, while the factory said that they only have the lower limit of hiring age of 18 and above. [ND.1, ND.2]
2. Tattoo checks were applied in the hiring process as a condition of hiring. [ND.1, ND.2]

3. Workers lactating a child less than 12 months are not hired as a confirmed hiring condition of the factory. [ND.1, ND.2, ND.7, ND.8]
4. Workers, who resigned from the company before the labor contract expired can be rehired after 2 months, workers laid off can be rehired after 3 months as per the factory's hiring procedure# VDM-ZD-019, Version B, Art.5.4.4. As confirmed by HR, since this is communicated to workers, the turnover has decreased as workers would consider these conditions if they decide to join the factory again after resignation or workers would stay working against their will. [ND.1, ND.2, F.1, F.2]
5. Only female in-house subcontracted workers and contracted workers are hired by the subcontractors to work in the factory. [ER.7, ND.1, ND.2]
6. Two child workers and one historical child worker were found in the canteen and in the Workshop A (heat stamping). Their birthdays vary from 2001 to 2003, while their service durations vary from few days, few months and up to almost two years as per their testimonials. The child worker (born in 2003, working in the canteen of the factory for one year and eight months) and a historical child worker (born in June 2001 and working for canteen since January 2016) found in canteen was employed by the catering service provider. Another two child workers, also born in 2003, are working in Workshop A for a week under a labor service provider and subcontractor as shown on their manual time records done by their team leader, using the age document of their relative to apply working at this factory. They were fired the day after talking to the assessors without any child labor remediation applied. [ER.4, CL.1, CL.2, CL.3, CL.4]
7. Two visitors' children (not employees of the factory), aged about 8 to 10, were observed on the work floor in the workshop D on the third day of the assessment. [ER.4, CL.1, HSE.27]
8. Excessive Probation of one month or longer (more than a month) is applied to all workers, the factory only signs the labor contract on the first day of the month, so if any worker ends their one month probation before the 1st of the following month, their probation contract will be extended to the 1st of the following month. [ER.1]
9. Insufficient labor and probation contract content observed: There are no time in and out, no job assignment, no rest time, Personal protective equipment and tools aligned with workers on their labor contract. [ER.1, ER.2]
10. There are 38 out of 138 foreigners working in the factory without a work permit. [ER.1, ER.2]
11. Personnel profiles with age documents for in-house subcontracted workers and contracted workers are not available. Profile and age verification is not conducted with in-house subcontracted workers and contracted workers to ensure no child labor employed. [ER.2, ER.4, ER.4]
12. There are missing labor contract signed for 02 out of 07 sampled workers joining the factory from July 01 to July 06, 2017 as per the provided personnel documents. [ER.1, ER.2]
13. The personnel profiles including age documents of in-house subcontracted workers and contracted workers are not provided for review. The factory could not identify how many in-house subcontracted and/or contracted workers working in the factory during the assessment dates, [ER.1, ER.2, ER.4, ER.11]

#### Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 5(1), Art. 8(1), Art.23, Art.27, Art.29, Art. 164, and Art. 171; Decree 05/2015/NDCP, Art 4; FLA Workplace Code (Non Discrimination Benchmarks ND.1, ND.2, ND.7, and ND.8; Forced Labor Benchmarks F.1 and F.2; Employment Relationship Benchmark ER.1, ER.2, ER.4, ER.7 and ER.11; Child Labor Benchmarks CL.1, CL.2, CL.3, and CL.4; Health, Safety and Environment Benchmark HSE.27)

#### Recommendations for Immediate Action

1. Cease the discrimination practices in hiring and employment.
2. Ensure no child labor is employed in the factory, including workers from subcontractors. Investigate child labor issue and provide child labor remediation.
3. Ensure children are not in the factory compound and production area.
4. Reduce the probation period to six days for production workers, whose jobs do not require professional and technical qualifications of intermediate vocational level, professional secondary level as prescribed.
5. Maintain the labor and probation contract content as prescribed.

6. Ensure all foreigners are working in the factory with valid work permits.

7. Maintain personnel profiles with age documents for all in-house subcontracted workers and contracted workers and always available for review. Conduct profile and age verification with all workers including the in-house subcontracted or contracted workers to ensure no child labor employed.

8. Sign the labor contract with workers right after probation completion.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1-5 (Completed): The factory had ceased the discrimination practices in hiring and employment by updating policy about this and provide training to all supervisors and person in charge. 6-7. (Completed): The factory had work closely with subcontractor and canteen contractors to investigate child labor issue and provided remediation for 02 child labors until they turn to 15 years old (consulted with NB and Puma). For preventive action, CSR co-operates with HR & security to tighten the exit & entry control. Establish the procedure for managing subcontracted workers. 8. (In progress): The policy ZD-038 is updated from Jul 2018 to adjust probation period to 6 days for production workers. 9. (Completed): Labor contract and probation contract is updated as law requirement. 10. (Completed): The Work permit for foreigners is updated. 11. & 13. (Completed): Monthly checking personnel profiles with age documents for all inhouse subcontracted workers and contracted workers. 12. (In progress): Recheck all personal profiles, ensure all workers signed labor contract right after probation completion. There are some missing profiles which need workers provide again.

## NEW FINDING NO.9

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. VND30,000 (USD 1.32) will be deducted from wage for ID card replacement if workers lose their ID. [C.1, C.11, H/A.2]

2. The wage scale is not registered with the government. [ER.1, ER.2, C.1, C.15]

3. The wage scale is not properly set-up and the difference between each skill levels are not 5% but 3.3%. [C.1, C.15]

4. Wage of those working in heavy and hazardous working condition is not 5% higher than those working in the normal condition but only 3.3% higher (145,000VND (USD 6.38) added as a hazardous allowance). [C.1, C.2, C.15]

5. There is no system to track the long leave for proper severance allowance calculation which leads to severance allowance not properly calculated to those who took long leave during their employment with the factory. [ER.18, ER.22, ER.19, C.1, C.5, C.6]

6. The insurances and annual leave are not paid into wage for workers, in-house subcontracted workers and contracted workers during the probation period. [C.1, C.5, ER.13, ER.22]

7. The fire-fighting team and fire-fighting team leaders are not paid additional wage for their additional responsibility and also for training attendance. [C.1, C.5]

8. The female workers do not understand clearly their maternity benefits, most were told that they should take the prenatal check on Sunday, or use their annual leave for prenatal check-up so that they can accumulate the prenatal check with maternity leaves. From the provided payment records of prenatal check-up, there is no case of prenatal check- up using the benefit from the applied social insurance. [ER.16, ER.17, C.17, ND.8, HOW.15, ER.1]

9. The technical allowance is not included into wage for social insurance contribution. [C.1, C.5]

10. Tools for production such as trimming scissors, bobbin and bobbin case are not provided to new workers. Workers have to equip them themselves. [ER.1, ER.15, C.1]

11. Downtime, if any, is not legally paid to workers, but annual leave is assigned and deducted for downtime. [HOW.18.1, HOW.19.2, C.1]

12. The in-kind allowance is not provided for those exposed to hazardous working conditions and some exceed the legal standards. [C.5, ER.22]

13. New sewing and cutting workers are not provided with the dust mask, but they equipped it themselves. [ER.1, C.3, C.5]

14. The factory conducts cash payment for off-clock overtime work. [C.14, C.15, C.16, ER.23]

15. The payment for off-clock overtime on the weekdays and also for Sunday made by the HR staff in Workshop C is not sufficient. The factory made the additional payment for June 2017. However, the insufficient payment was still occurring in July 2017. As reported, the cash payment for off clock overtime work is not paid in a timely manner. Until the assessment dates, some of workers are still not paid for the off-clock work done in July. Also, the pay slip is not provided to workers for this cash payment. [ER.23, C.1, C.4, C.5, C.14, C.13, C.15]

16. Minimum wage is not guaranteed for canteen workers. They are VND3,484,000/ month for working from 6:00 to 18:00/weekday, which is lower than the regional minimum wage of 3,750,000VND [ER.24, C.1, C.2]

17. Production records related to performance bonus allocated for each worker is not provided for review. So that it could not be verified how it is calculated and allocated to workers to ensure it is fairly allocated to workers. [ER.2, C.1, C.15]

18. The compensation for night workers is not provided for review so it could not be verified how the compensation to workers working on night shifts were made. [ER.2, C.1, C.15]

19. The payrolls of in-house subcontracted workers and contracted workers were not provided for review. The factory could not identify how many in-house subcontracted and/or contracted workers were working in the factory during the assessment dates. [ER.2, ER.11, C.1, C.15]

#### Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art. 93, Art. 97, Art. 98, and Art. 101; Decree 49/2013/NDCP, Art 7; Decree 05/2015/NDCP, Art.21, Art 24 and Art.25; Decree No. 79/2014/ND-CP(2014), Art. 35 (3); Law No. 58/2014/QH13, Art. 32, Art. 89 and Art. 98; FLA Workplace Code (Non Discrimination Benchmark ND.8; Compensation Benchmarks C.1, C.2,C.3, C.4, C.5, C.6, C.11, C.13, C.14, C.15, C.16, and C.17; Employment Relationship Benchmarks ER.1, ER.11, ER.13, ER.15, ER.16, ER.17, ER.18, ER.19, ER.22, ER.23 and ER.24; Hours of Work Benchmarks HOW.15, HOW.18.1, HOW.19.2; Harassment and Abuse Benchmark H/A.2)

#### Recommendations for Immediate Action

1. Ensure social, health and jobless insurances and annual leave paid into wage for workers who sign probation or temporary labor contract.

2. Ensure minimum wage and overtime premium paid to subcontracted and/or contracted workers.

3. Provide workers ID card, working tools and PPE free of charge.

4. Wage scale should be established properly (with the difference between two levels of at least 5%), reviewed and registered with the government.

5. Ensure wage offered to those working in heavy and hazardous working condition is at least 5% higher than those working in the normal condition.

6. Establish a system to track the long leave for proper severance allowance calculation for terminated or resigned workers.

7. Pay the fire-fighting team and fire-fighting team leaders additional wage for their additional responsibility and for training attendance as prescribed.

8. Provide female workers with proper communication/ effective training on their maternity benefits that they are entitled.

9. The technical allowance should be included into wage for social insurance contribution.



10. Pay full wage for downtime, if any.
11. Provide workers, exposed to hazardous working condition and some exceed the legal standards, with in-kind allowance as prescribed.
12. Cease the practices of off-clock work and cash payment and ensure all the working times and related compensation reflected on the time records and payroll system.
13. Ensure wage and overtime compensation paid to workers sufficiently and timely.
14. Maintain all production records related compensation and all payment documents of all workers including the subcontracted workers onsite.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Ensure social, health and jobless insurances and annual leave paid into wage for workers who sign probation or temporary labor contract.
2. Ensure minimum wage and overtime premium paid to subcontracted and/or contracted workers.
3. Provide workers ID card, working tools and PPE free of charge.
4. Wage scale should be established properly (with the difference between two levels of at least 5%), reviewed and registered with the government.
5. Ensure wage offered to those working in heavy and hazardous working condition is at least 5% higher than those working in the normal condition.
6. Establish a system to track the long leave for proper severance allowance calculation for terminated or resigned workers.
7. Pay the fire-fighting team and fire-fighting team leaders additional wage for their additional responsibility and for training attendance as prescribed.
8. Provide female workers with proper communication/ effective training on their maternity benefits that they are entitled.

9. The technical allowance should be included into wage for social insurance contribution.
10. Pay full wage for downtime, if any.
11. Provide workers, exposed to hazardous working condition and some exceed the legal standards, with in-kind allowance as prescribed.
12. Cease the practices of off-clock work and cash payment and ensure all the working times and related compensation reflected on the time records and payroll system.
13. Ensure wage and overtime compensation paid to workers sufficiently and timely.
14. Maintain all production records related compensation and all payment documents of all workers including the subcontracted workers onsite.

#### Company Action Plan Update

1. (Completed): The factory has ceased the deduction practice for ID card replacement. Provide workers ID card, working tools and PPE free of charge from Mar 2018.
2. & 3. (Completed): Wage scale (with the difference between two levels of at least 5%) is updated and registered with the local government from Jan 2018.
4. (Completed): Updated the salary scheme with wage of workers working in heavy and hazardous working condition is 5% higher than those working in the normal condition.
5. (Completed): The policy and procedure for termination (ZD-007) is updated from Jul 2018 to guideline about severance allowance calculation. The tracking for insurance contribution is updated for proper severance allowance calculation when terminated contract.
6. (Completed): Insurances and annual leave during the probation period are paid into the wage in 2020.
7. (Completed): The fire-fighting team leaders were provided additional allowance from May 2018.
8. (Completed): HR/Clinic provided the training about entitled maternity benefits for female workers from Apr 2018
9. (Completed): The technical allowance is included for social insurance contribution from Jan 2018.
10. (Completed): Tools for production such as trimming scissors, bobbin and bobbin case are provided to new workers and recorded from May 2018.
11. (Completed): The procedure for downtime is updated from Jul 2018 to ensure legally paid to workers
12. (Completed): Provide in-kind allowance (10.000 VND - base on local law require) to workers who exposed to hazardous working condition and some exceed the legal standards from May 2018.
13. (Completed): The policy for PPE management is updated Apr 2018 to ensure new sewing and cutting workers are provided the dust mask.

14. (Completed): The OT policy is updated from Apr 2018 to ensure no off-clock work and cash payment.

15. (Completed): Ensure wage and overtime compensation paid to workers sufficiently and timely

16. (Completed): Minimum wage is paid for canteen workers from Apr 2018 with monthly evidence & confirmed through worker interview.

17. (Completed): The calculation for performance bonus is updated weekly and monthly to each departments from May 2018

18. (Completed): The compensation for night workers is checked and verified by Puma in Jun 2018 to ensure compensation and payment follow local law.

19. (Completed): The policy & procedure for in-house subcontractor and contracted workers is updated from Apr 2018. Maintain monthly audit to ensure payrolls of in-house subcontracted workers and contracted workers are fully paid and maintain record to follow local law requirements.

## NEW FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. Buffer time, which is the time before and after the normal working hours, is more than 15 minutes. It varies from 16 minutes to more than 35 minutes. [ER.23, C.5, C.6]

2. Excessive daily, weekly, and monthly overtime in the last 12 months. Daily overtime is up to 5 hours, weekly overtime is up to 32, and monthly overtime is up to 108 hours in the review period. Weekly working hours are exceeding 60 hours. [HOW.1, HOW.8, HOW.9]

3. Seventh days of rest is not guaranteed for about 50% workers in the last six months from February to July 2017. [HOW.1, HOW.2]

4. Elderly workers work excessive regular working time and work overtime. [HOW.1, HOW.4]

5. Menstruation break is not provided to the female workers. They did not know such benefit. [HOW.1, HOW.3, ER.16, ER.1]

6. There is no break time provided to the workers who worked 2 hours (up to 18:30) of overtime a day. [ER.23, HOW.1, HOW.3]

7. Off-clock overtime work detected in June and July 2017 (week day overtime and Sunday work) in workshop C. Also, inconsistency about the holiday work on April 6th between the provided time records and payrolls versus the food sampling records, so the actual working hours could not be verified. [ER.23, HOW.8]

8. The time records of in-house subcontracted workers and contracted workers are not provided for review. The factory could not identify how many in-house subcontracted and/or contracted workers working in the factory during the assessment dates. [ER.2, ER.11, HOW.1, ER.23]

##### Local Law or Code Requirement

Decree No. 05/2015/N-CP, Art. 24.; Labor Code No. 10/2012/QH13 (2013), Art. 106.2, Art. 108, Art. 110, Art.159 and Art.166; Circular No. 54/2015/TT-BLTBXH, Art. 6; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, ER.11, ER.16, and ER.23) ; Hours of Work Benchmarks (HOW.1, HOW.2, HOW.3, HOW.4, HOW.8, HOW.9, and HOW.11); Compensation Benchmarks (C.5, and C.6)

##### Recommendations for Immediate Action

1. Manage the overtime work in the legal limit and ensure weekly working hours in 60 hours a week.

2. Provide one day of rest a week for workers.

3. Establish a system to manage OT in the legal and FLA limit.

4. Manage the buffer time in 15 minutes.
5. Provide female workers with menstruation break as prescribed.
6. Ensure working hours of elderly workers are shortened to 7 hours a day.
7. Provide workers with overtime break if overtime from 2 hours a day.
8. Maintain onsite the time records of all workers with in-house subcontracted ones inclusive.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Manage the overtime work in the legal limit and ensure weekly working hours in 60 hours a week.
2. Provide one day of rest a week for workers.
3. Establish a system to manage OT in the legal and FLA limit.
4. Manage the buffer time in 15 minutes.
5. Provide female workers with menstruation break as prescribed.
6. Ensure working hours of elderly workers are shortened to 7 hours a day.
7. Provide workers with overtime break if overtime from 2 hours a day.
8. Maintain onsite the time records of all workers with in-house subcontracted ones inclusive.

## NEW FINDING NO.11

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Food safety training is not provided to canteen workers who serve more than 138 foreigners, and visitors at the canteen. [ER.1.2, HSE.22]
2. Group 4 workers (foreign employees/supervisors) who make up 115 persons, are not provided with Health and Safety (H&S) training. [ER.1, ER.17, HSE.1, HSE.2, HSE.5, HSE.6, HSE.9, HSE.14, HSE.17]
3. No chemical safety training is provided to workers. [HSE.9]
4. Contracted workers and in-house subcontracted workers are not provided with H&S and chemical safety training. [ER.1, HSE.1, HSE.2, HSE.5, HSE.6, HSE.9, HSE.14, HSE.17]
5. Chemical Safety Training is not provided to two workers working at the chemical mixing area. [ER.1, HSE.1, HSE.9]
6. At least three managers are not provided with H&S training (Group 1). [ER.1, HSE.1, ER.17]
7. Training time for group 4 is not sufficiently conducted as prescribed. The training time is 4 hours instead of 16 hours for initial training and 8 hours for the periodic training. [ER.1, HSE.1]
8. At least one of the four H&S committee members was not trained (Group 2) [ER.1, ER.17, HSE.1]
9. Air compressor and boiler operators are not trained or certified. [HSE.14, HSE.1, ER.1.2]
10. Clinic staffs in Group 5 are not yet trained on health care. [HSE.6.2, ER.1.2]
11. Occupational safety and hygiene officers in Group 6 are not properly set-up in the factory. Each production line does not have one worker in the Group 6. Also, workers are not allowed to vote for the representative to join Group 6 as occupational safety and hygiene officers; these positions are assigned by the factory. [HSE.1, ER.1.2]
12. Clinic staff do not have their career certificate. [HSE.1, HSE.4, HSE.18.2]
13. The trainers who provide the H&S orientation training and chemical safety training are not certified. [HSE.1, HSE.4, HSE.9]

##### Local Law or Code Requirement

Circular 15/2012/BYT, Art 7; Decree 44/2016/ND-CP Art. 17, and Art.19; Circular No. 41/2011/TT-BYT, Circular No. 36/2014/TT-BCT, Art.4, Law No. 06/2007/QH12 on Chemicals (2007), Art. 30, Art. 37; TCVN 5507:2002, Art 4.1.4; FLA Workplace Code (Health and Safety Benchmarks HSE.1, HSE.2, HSE.4, HSE.5, HSE.6, HSE.9, HSE.14, HSE.17, HSE.18.2 and HSE.22); Employment Relation Benchmarks ER.1 and ER.17)

##### Recommendations for Immediate Action

1. Canteen workers who serve more than 138 foreigners, and visitors at the canteen, should be trained and certified.
2. Provide group 4 (foreign employees/supervisors) who make up 115 person, with Health and Safety (H&S) training.
3. Workers who work with chemicals in Group 3 should be trained and certified as prescribed.
4. Provide contracted workers and in-house subcontracted workers with H&S and chemical safety training.

5. All Managers (Group 1) should be provided with H&S training as prescribed.
6. Ensure training time is sufficient as prescribed.
7. H&S committee members (Group 2) should be trained and certified
8. Air compressor and boiler operators should be trained and certified.
9. Clinic staffs in Group 5 should be trained and certified.
10. Each production line should have one occupational safety and hygiene officers who is in group 6. Occupational safety and hygiene officers should be voted by workers.
11. The trainers who provide the H&S orientation training and chemical safety training should be certified.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. (Completed): Contracted with authorized party to train & issue certificate for workers in foreigner's canteen from Apr 2018. 2. (Completed): Contracted with authorized party to provide Health and Safety (H&S) training group 4 to foreign employees/supervisors from Jun 2018. 3. (Completed): Contract with authorized party to provide Chemical training group 3 in May 2018. 4. (Completed): Provided H&S and chemical safety training for contracted workers and in-house subcontracted workers in Jun 2018. 5. (Completed): Provided Chemical training for workers working at the chemical mixing area in May 2018. 6. (Completed): Provided H&S training for all Managers (Group 1) in May 2018. 7. (Completed): Contract with authorized party to provide training for group 4 with sufficiently duration as prescribed in Apr 2018. 8. (Completed): Contracted with authorized party to provide H&S training for H&S committee members (Group 2) in May 2018. 9. (Completed): Contracted with authorized party to provide H&S training for people operate the air compressor in Jun 2018. 10. (Completed): Contracted with authorized party to provide health care training for clinic staffs in Group 5 in Apr 2018. 11. (Completed): Occupational safety and hygiene officers (group 6) are voted by workers in each line from May 2018. 12. (Completed): Contracted with hospital to provide clinic staffs with their certificate from May 2018. 13. (Completed): Two people in charge of H&S orientation training and chemical safety training attended the training course held by government and passed the examination on Aug 05, 2018.

## NEW FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. Although the Labor Union receives the Labor Union activity fund and Union fee monthly, there is a delay in Labor Union activity fund contribution to the Labor Union Federal. As of the assessment date, the factory's Labor Union only submitted to the Labor union federal, the Labor Union activity fund, and Union fee up to September 2016 only, while it should be paid monthly following the same frequency of social security contribution. [C.10, FOA.1]

2. The factory has not yet conducted the labor conference. [ER.25]

##### Local Law or Code Requirement

#### Recommendations for Immediate Action

1. Ensure the Labor Union activity fund contribution to the Labor Union Federal timely.
2. Carry out the labor conference between the Top Management and workers yearly.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. (Completed): The fund for Labor Union activity is contributed to the Labor Union Federal timely-Apr 2018.
2. (Completed): The labor conference between the Top Management and workers yearly had conducted on Jul 17, 2018

### NEW FINDING NO.13

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The building safety inspection records are not provided for review to confirm the building structure integrity. [HSE.4, HSE.2]
2. Smoking is not strictly controlled in the factory. Workers mostly smoke in toilets which located inside of each production building. A lot of cigarette buds were observed in both male and female toilets next to the material warehouse, toilets in the soles section, in the sample section and seriously in air compressor room and electric generator room. [ER.1, ER.31, HSE.6, HSE.19]
3. Wet floors observed in the canteen without warning signs. [HSE.19]
4. Missing handrail on one side of one ladder in material warehouse and another ones at the cutting warehouse of the soles section and sample making warehouse. [HSE.19]
5. The regular inspection records for lightning system are not provided for review to confirm if it is conducted. [ER.2, HSE.4]
6. The cutting area of Workshop A is too noisy (88dB) and at the grinding area of sole section (89dB). It varies from 88 to 89dB. [HSE.1, HSE.13]
7. Drainage ditches along the walkways of the production buildings are not covered. It is also a falling risk when accessing the fire hoses equipped along the walls of the production buildings. [HSE.1, HSE.19]
8. Working platform next to the conveyor for goods transferring at sole section posed a falling risk as it is not covered. [HSE.1, HSE.19]
9. The poor lighting (C7, C8, Spraying and printing A, D4 Cutting, D1) maintained as showed on the working condition inspection record conducted by July 2017. [HSE.1, HSE.13]
10. The risk of UV- Laser, Infrared, butanol, methylene-biphenyl di-isocyanides, dimethyl propane, trimethyl cyclohexyl isocyanine are not monitored when working condition inspection conducted. [HSE.1, HSE.9, HSE.13]
11. Exit on the first floor at workshop A for goods delivery is not closed when no use, while there are no fence equipped there to prevent from falling down. [HSE.1, HSE.13]
12. Cracks found at the second floor of Sole building. The building safety inspection by the competent agency is not conducted. [HSE.1, HSE.4, HSE.13]
13. Chemical fumes smelled strongly; there is no exhaust air filter equipment to capture these fumes in the printing and spraying areas at the sample making area, Workshop A, C and D. [HSE.9, HSE.13]

##### Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Art 138; TCVN 9385:2012, Art. 28; Decree 46/2015/ND-CP, Art 40; TCVN 5507:2002, Art 5.3.3; FLA Workplace Code (Health, Safety and Environmental Benchmarks HSE.1, HSE.2, HSE.4, HSE.6, HSE.13 and HSE.19; Employment Relationship Benchmarks ER.1; ER.2 and ER.31)

#### Recommendations for Immediate Action

1. Conduct the building safety inspection with the inspection records maintain to confirm the building structure integrity.
2. Ensure assessors are granted the full access to the requested documents.
3. Smoking should be strictly controlled in the factory to reduce the fire risks.
4. Ensure wet floors are kept warning signs and wet floor should be clean immediately to reduce the slippery risk.
5. Equip platform ladders with handrails at both sides.
6. Conduct the inspection for lightning system periodically with records maintained onsite.
7. Ensure working condition met the national standards in noise, lighting.
8. Cover all drainage ditches along the walkways of the production buildings to prevent falling risk.
9. Cover all the working platforms to prevent from falling risk.
10. The poor lighting (C7, C8, Spraying and printing A, D4 Cutting, D1) maintained as showed on the working condition inspection record conducted by July 2017. (HSE.1, HSE.13)
11. Monitor the risk of UV- Laser, Infrared, butanol, methylene-biphenyl di-isocyanides, dimethyl propane, trimethyl cyclohexyl isocyanine (toxic chemicals used in the factory as observed from the chemical list) when working condition inspection conducted.
12. Equip fence and ensure loading exits on floors kept closed when no use to prevent the falling risk from there.
13. Ensure natural or forced ventilation maintained at the printing and spraying areas at the sample making area, workshop A, C and D.



## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Conduct the building safety inspection with the inspection records maintain to confirm the building structure integrity.
2. Ensure assessors are granted the full access to the requested documents.
3. Smoking should be strictly controlled in the factory to reduce the fire risks.
4. Ensure wet floors are kept warning signs and wet floor should be clean immediately to reduce the slippery risk.
5. Equip platform ladders with handrails at both sides.
6. Conduct the inspection for lightning system periodically with records maintained onsite.
7. Ensure working condition met the national standards in noise, lighting.
8. Cover all drainage ditches along the walkways of the production buildings to prevent falling risk.
9. Cover all the working platforms to prevent from falling risk.
10. The poor lighting (C7, C8, Spraying and printing A, D4 Cutting, D1) maintained as showed on the working condition inspection record conducted by July 2017. (HSE.1, HSE.13)
11. Monitor the risk of UV- Laser, Infrared, butanol, methylene-biphenyl di-isocyanides, dimethyl propane, trimethyl cyclohexyl isocyanine (toxic chemicals used in the factory as observed from the chemical list) when working condition inspection conducted.
12. Equip fence and ensure loading exits on floors kept closed when no use to prevent the falling risk from there.
13. Ensure natural or forced ventilation maintained at the printing and spraying areas at the sample making area, workshop A, C and D.

#### Company Action Plan Update

All actions above were taken and completed, except for No 1 and 12 are in progress and plan to complete by Dec 30, 2020

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. 90% of spared fire extinguishers were expired. [HSE.1, HSE.6]
2. Operational instruction for fire extinguishers in work shop A and Material warehouse are not in local language. [HSE.6]
3. About 20% of Fire extinguishers equipped in material warehouse, in the second floor of material warehouse building and in workshop A are not marked. [HSE.1, HSE.6]
4. Missing 20% fire extinguishers, where fire extinguisher mark available in the second floor of material warehouse building and in air compressor room. [HSE.1, HSE.6.1]
5. At least 2 fire extinguishers in screen printing room in workshop A were expired. Inspection labels for fire extinguishers are blurred and expired found in waste storage area. [HSE.1, HSE.6.1]
6. Missing non-smoking sign at the air compressor room and electric generator room. [HSE.1, HSE.6.1]
7. Unattended welding torch kept at the Workshop D, which poses a fire risk. [HSE.1, HSE.6]

#### Local Law or Code Requirement

Decision No. 2726/BKHCN (2009), Art. 5(1)(3), Art. 4(6); Vietnam Labor Code 2013, Art 138; FLA Workplace Code Health, Safety and Environment Benchmarks (HSE.1, and HSE.6.1);

#### Recommendations for Immediate Action

1. Conduct the periodic inspection on all fire equipment to ensure they are in good working condition, Ensure extinguishers are marked and attached with operational instructions in local language.
2. Ensure all production area and warehouses are equipped with fire extinguishers.
3. Post a non- smoking sign at the air compressor room and electric generator room.
4. Ensure welding torches are closely monitored to prevent the fire risk.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. (Completed): Fire-fighting inspection is conducted monthly from Apr 2018 to all fire extinguishers are not expired. 2. (Completed): Based on monthly fire-fighting inspection ensure operational instructions in local language. 3. (Completed): All fire extinguishers equipped in material warehouse, in the second floor of material warehouse building and in workshop A was marked. 4. (Completed): All fire extinguishers are marked in the second floor of material warehouse building, in air compressor room from Apr 2018. 5. (Completed): Fire extinguishers in screen printing room in workshop A and waste storage are updated. Based on monthly fire-fighting inspection ensure inspection labels for fire extinguishers are clear. 6. (Completed): Non- smoking sign is posted at the air compressor room and electric generator room from Apr 2018. 7. (Completed): Post the fire risk at welding torch and iron equipment to prevent the fire risk from Apr 2018.

## NEW FINDING NO.15

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

1. The emergency response procedure is not including the followings: procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency; procedures and persons in charge to assist the special category workers, children in the dormitories, visitors and suppliers to escape from the factory in emergency response plan. [ER.31, HSE.1, HSE.5]
2. No aisles equipped at two warehouses of the sample making section (leather warehouse and material warehouse) [HSE.1, HSE.5]
3. Missing secondary exit at the sample making section. [HSE.1, HSE.5]
4. Missing emergency lights equipped on the stair up to the second floor (behind laboratory room) of material warehouse building. Emergency lights in material warehouse are not equipped along the exit paths. Missing emergency lights on one of three emergency exits in the canteen of workers and on the exit paths from canteen. [HSE.1, HSE.5.1]
5. 90% of exit doors in material warehouse and workshop buildings are not open outward as they are either all rolling doors or sliding ones. [HSE.1, HSE.5.1]
6. Exits are open inward at sample making area. One exit door in the second floor of material warehouse building does not open outward. One exit door in the second floor of material warehouse building does not open outward. One of three emergency exits in the canteen for foreigners opens inward. [HSE.1, HSE.5.1]
7. One of three emergency exits in the canteen for foreigners are locked, while the balances are latched. At least one of two emergency exit doors at the first floor of workshop A was locked during assessment. [HSE.1, HSE.5.1]
8. All rolling emergency exits were closed during the lunch break, while workers slept inside the production area. Also, the rolling exit doors at workshop A are half- closed during the working hours, which obstructed the safely evacuation. As observed, workers sleep on the work floor during the lunch break, while all the doors/ exits are closed. [HSE.1, HSE.5.1]
9. About 50% exit paths in material warehouse were blocked during the working hours. Exit path in front of chemical storage area was blocked by ladder and carts. Blocked exit path in air compressor room. One hand lift was tied at the exit stairs in workshop A, which blocked the evacuation from the stairs. [HSE.1, HSE.5]
10. Aisles at cutting area in material warehouse, at stitching area and sole hot chamber area in workshop A; the sample making section are blocked by tables/ chairs/machines and semi products are too narrow. Blocked aisles and narrow exit path (0.4 meter) in the third floor of C workshop. About 30% aisles and emergency exits are obstructed in warehouse of workshop D. Workers are blocked at their workstations in the workshop D. [HSE.1, HSE.5]
11. Evacuation plot plans equipped in material warehouse and on 2nd floor of soles building are not properly showing the actual layout and emergency exits. [HSE.1, HSE.5]
12. Fences covering the windows at Stock fitting building, workshop C, workshop A are deactivating the functions of egress/ rescue windows. [HSE.1, HSE.5]
13. Missing yellow lines and exit arrows at second floor in the Workshop A. [HSE.5.1]
14. At least two sampled emergency light at the second floor of soles section, and another two in the warehouse of workshop D do not work when tested. [HSE.1, HSE.5]
15. Fire drill is neither conducted at night in the workshops nor at the dormitories. [HSE.1, HSE.5]

### Local Law or Code Requirement

Vietnam Labor Code, Art. 138; TCVN 2622 (1995), Art. 7.5, Art. 7.7; TCVN 3890:2009, Art 10.1.4; QCVN 06/2010/BXD, Art 3.2.3, Art 3.3.1; Decision No. 2726/QĐ-BKHCN (2009), Art. 10.2; Law No. 27/2001/QH10(2001), Art. 31 and Circular No.: 66/2014/TT-BCA, Art. 12; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, and HSE.5); (Employment Relationship Benchmark ER.31)

### Recommendations for Immediate Action

1. Ensure the emergency response procedure include the followings: procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency, procedures and persons in charge to assist the special category workers, children in the dormitories, visitors and suppliers to escape from the factory in emergency response plan.
2. Maintain the clear and adequate aisles equipped at two warehouses of the sample making section.
3. Equip the secondary exit at the sample making section.
4. Equip emergency lights on all emergency exits and along the exit paths.

5. Ensure emergency exits are open outward.
6. Ensure emergency exits are neither locked, nor latched during the working hours.
7. Emergency exits should be opened during the lunch break, while workers slept inside the production area.
8. Keep exit paths unblocked during the working hours.
9. Aisles should be free of obstacles and workers should be free of movement for evacuation from their workstations.
10. Equip all production area and warehouse with evacuation plot plans. Ensure the actual layout and emergency exits are properly marked in the evacuation maps.
11. Ensure windows from floors of production buildings have the functions of egress/ rescue windows.
12. Equip yellow lines and exit arrows on exit path and aisles.
13. Conduct the regular inspection for all emergency lights to ensure they are in good working condition.
14. Conduct fire drill at night in the workshops and also conduct at the dormitories.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Ensure the emergency response procedure include the followings: procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency, procedures and persons in charge to assist the special category workers, children in the dormitories, visitors and suppliers to escape from the factory in emergency response plan.

2. Maintain the clear and adequate aisles equipped at two warehouses of the sample making section.
3. Equip the secondary exit at the sample making section.
4. Equip emergency lights on all emergency exits and along the exit paths.
5. Ensure emergency exits are open outward.
6. Ensure emergency exits are neither locked, nor latched during the working hours.
7. Emergency exits should be opened during the lunch break, while workers slept inside the production area.
8. Keep exit paths unblocked during the working hours.
9. Aisles should be free of obstacles and workers should be free of movement for evacuation from their workstations.
10. Equip all production area and warehouse with evacuation plot plans. Ensure the actual layout and emergency exits are properly marked in the evacuation maps.
11. Ensure windows from floors of production buildings have the functions of egress/ rescue windows.
12. Equip yellow lines and exit arrows on exit path and aisles.
13. Conduct the regular inspection for all emergency lights to ensure they are in good working condition.
14. Conduct fire drill at night in the workshops and also conduct at the dormitories.

#### Company Action Plan Update

Except for actions of No 5 & 6 are in progress. Other actions have been completely.

### NEW FINDING NO.16

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Repair tapes are used for electric wire connection. About 10% of electric wires in the workshops and warehouses are not equipped with conduits. [HSE.1, HSE.13]

2. Control panel near the stairs at the sole section is not fixed into the wall but almost drop-off. Missing inner cover at control panel in the second floor of

material warehouse building. Missing outer covers for circuit breakers in kitchen of workers' canteen. [HSE.1, HSE.13]

3. Individual switches are not labeled to identify the source at the Workshop A, the material warehouse building and at canteens, while 10% of the individual switches at the soles section are not labeled in local language but Chinese. [HSE.1, HSE.13]

4. The electric wire in material warehouse connected directly to the socket without plug. [HSE.1, HSE.13]

5. No lockout/tag-out procedure applied by maintenance staffs during maintenance. [ER.1, ER.31, HSE.1, HSE.13]

6. The ironing machines and welding torches are not grounded in the workshop D. [HSE.1, HSE.13]

#### Local Law or Code Requirement

Law No. 27/2001/QH10 on Fire Prevention and Fighting (2001), Art. 24(2)(3); Vietnam Labor Code 2013, Art 138.1.c; FLA Workplace Code (Health and Safety Benchmarks HSE.1, and HSE.13; Employment Relationship Benchmarks ER.1, and ER.31)

#### Recommendations for Immediate Action

1. Cease to use repair tapes for electric wire connection. Equip electric wires in the workshops and warehouses inside conduits.

2. Conduct the regular inspection on all control panels to ensure they are in good condition. Equip inner and outer covers for all electric control panels.

3. Ensure individual switches of control panels are labeled in local language to identify the source.

4. Cease the unsafe practice to use electric connected directly to the socket without plug.

5. Ensure lockout/ tag-out procedure implemented during maintenance and machine fixing.

6. Ensure all machines are grounded.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Cease to use repair tapes for electric wire connection. Equip electric wires in the workshops and warehouses inside conduits.
2. Conduct the regular inspection on all control panels to ensure they are in good condition. Equip inner and outer covers for all electric control panels.
3. Ensure individual switches of control panels are labeled in local language to identify the source.
4. Cease the unsafe practice to use electric connected directly to the socket without plug.

5. Ensure lockout/ tag-out procedure implemented during maintenance and machine fixing.
6. Ensure all machines are grounded.

#### Company Action Plan Update

1. (Completed): Cease to use repair tapes for electric wire connection and equip electric wires in the workshops and warehouses inside conduits.
2. (Completed): Conduct the regular inspection on all control panels to ensure they are in good condition. Equip inner and outer covers for all electric control panels from Apr 2018.
3. (Completed): Ensure individual switches of control panels are labeled in local language to identify the source.
4. (Completed): Cease the unsafe practice to use electric connected directly to the socket without plug from Apr 2018.
5. (Completed): Ensure lockout/ tag-out procedure implemented during maintenance and machine fixing.
6. (Completed): Set up station & post warning sign for using ironing machines and welding torches

#### NEW FINDING NO.17

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. First aid supplies do not meet the legal requirements listed in the Circular No.19/2016/BYT in all the production buildings and warehouses. [HSE.1, HSE.6]
2. The expiration of medicines is not monitored closely. Expired medicines are found in the clinic. [HSE.1, HSE.6, HSE.18]
3. No health check is conducted for canteen workers, who serve the foods to foreign employees and visitors [HSE.1, HSE.22]
4. There is only one Nurse and one pharmacist working in the clinic, there is no doctor in the factory. [HSE.1, HSE.18.2.1]
5. Minor accidents are not tracked, investigated and reported to the Labor Department. HSE.1, HSE.3.1]

6. There is no first aid places equipped in each workshop, where there are more than 300 workers. [HSE.1, HSE.6, HSE.18]
7. No first aid bags are equipped at clinic. [HSE.1, HSE.6.1]
8. Health check is conducted only for 2970 of more than 6200 employees in May 2017. [HSE.1, HSE.4, ER.22.1]
9. No occupational health check and recruitment health check was conducted. [HSE.1, HSE.4, ER.22.1]
10. First aid kit at the main entrance of the sample making section was locked. [HSE.1, HSE.6.1]

#### Local Law or Code Requirement

Circular No.19/2016/BYT, Circular No.15/2012/TT-BYT, Art. 3, Decree No. 39/2016/N-CP, Art. 37; Law No. 84/2015/QH13, Art.21, Art. 35; FLA Workplace Code (Health and Safety Benchmarks HSE.1, HSE.3, HSE.4, HSE.6, HSE.18, and HSE.22; Employment Relationship Benchmark ER.22)

#### Recommendations for Immediate Action

1. Ensure all first aid kits are fully equipped with first aid supplies and accessible at always.
2. Ensure the expiration of medicines is monitored closely.
3. Conduct health check canteen workers; Conduct the health check for workers working in hard and hazardous working condition twice per year. Conduct the occupational health check and recruitment health check on factory account.
4. Equip adequate medical/ clinic staffs working in the clinic as prescribed.
5. Ensure all accidents including the minor ones are tracked, investigated, and reported to the Labor Department.
6. Equip first aid places in each workshop, where there are more than 300 workers, ass prescribed.
7. Equip first aid bags at the clinic.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Ensure all first aid kits are fully equipped with first aid supplies and accessible at always.
2. Ensure the expiration of medicines is monitored closely.



3. Conduct health check canteen workers; Conduct the health check for workers working in hard and hazardous working condition twice per year. Conduct the occupational health check and recruitment health check on factory account.
4. Equip adequate medical/ clinic staffs working in the clinic as prescribed.
5. Ensure all accidents including the minor ones are tracked, investigated, and reported to the Labor Department.
6. Equip first aid places in each workshop, where there are more than 300 workers, as prescribed.
7. Equip first aid bags at the clinic.

#### Company Action Plan Update

1. (Completed): All first aid kits are fully equipped with first aid supplies and accessible at all times.
2. (Completed): The expiration of medicines is monitored closely by monthly inspection.
3. (Completed): Conduct health check for canteen workers who serve the foods to foreign employees and visitors accordingly.
4. (Completed) Based on government law Diamond factory was signed a contract with clinic near factory. In case need doctor treatment he will attend after 15 minutes.
5. (Completed) All minor accidents must be tracked, investigated, and reported to the Labor Department.
6. (Completed) CSR and clinic were conducted a survey and additional first aid box in which area require as health department regulation.
7. (Completed) Request clinic Equip first aid bags as auditor instruction & CSR monthly internal audit to ensure first aid equipment maintained follow legal required.
8. (Completed) CSR monitor clinic conduct annual health check for all employees as law require & Production manager require all of worker join the health check up.
9. (Completed) Factory signed contract with authorized party to implement for occupational health check & Factory conducted occupational health check-Oct 27<sup>th</sup> 2018
10. (Completed) As company regulation assigned some person in- charge to control first aid kit box and responsible first aid when people get accident. When need to use medicines or equipment just contacts mobile number of in- charge person in contact list.

## FINDING TYPE: Health & Safety

### Finding Explanation

1. Pregnant workers and lactating workers are exposed to hazardous chemicals, rubber dust, and excessive noise in the sole section. [HSE.11, HSE.12, ND.8]

### Local Law or Code Requirement

Circular No. 19/2016/TT-BYT, Art.2 ; Circular No. 26/2013/TT-BLTBXH, Section B, FLA Workplace Code ( Health and Safety Benchmarks HSE.11 and HSE.12; Non Discrimination Benchmark ND.8)

### Recommendations for Immediate Action

1. Ensure women are not engaged in work that constitutes a substantial risk to their reproductive health.

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

Ensure women are not engaged in work that constitutes a substantial risk to their reproductive health

### Company Action Plan Update

1. (In progress) Arrange suitable workstation for pregnant workers and lactating workers out out hazardous chemicals, rubber dust and excessive noise in the sole section by Jul 30, 2020

## NEW FINDING NO.19

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

1. Chairs for production workers are not equipped with cushion, and back rest and are not adjustable. [HSE.1, HSE.17.1]

2. Pregnant workers over 7 months of pregnancy has not been equipped with chair to sit when working in the production lines. [HSE.1, HSE.11.1]

3. Workstations allocated for each worker in sewing section of Workshop A, D, and sample making room are too narrow, which poses an ergonomic risk for them to work long hours. [HSE.1, HSE.17.1]

4. Cutting workers, pressing workers at soles section, QC workers, whose work requires them to stand for long hours are not provided with anti-fatigue mat. [HSE.1, HSE.17]

5. Screen printing workers exposed to ergonomic risk as their work require them to stand long hours and move around the printing tables. [HSE.1, HSE.17]

### Local Law or Code Requirement

Labor Code, Articles 137, 138; Decision No. 3733/2002/Q-BYT, Part II, Principle 1; FLA Workplace Code (Health and Safety Benchmarks HSE.1, and HSE.17)

### Recommendations for Immediate Action

1. Ensure chairs for production workers are equipped with cushion, and back rest and they are adjustable.

2. Equip pregnant workers with chairs to sit when working in the production lines.
3. Equip adequate workstations with enough space for each worker in sewing section to reduce the ergonomic stretches.
4. Provide anti-fatigue mat and more short breaks to workers, whose work requires them to stand for long hours.
5. Equip the engineering control to reduce ergonomic risk for printing workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. (Completed) Standing workers are provided with short breaks (15 minutes/2 hours) and the factory issued an announcement in Jul 2018. For sitting workers, chairs have been equipped with cushions. 2. (Completed) Update Policy ZD-072 to ensure equipped chairs for Pregnant workers over 7 months of pregnancy to sit when working in the production lines - done Dec 2017. Create new form for production to monitor monthly about the work assignment and provide chairs for pregnant workers-done Jul 2018 & Arrange job to ensure they're not exposed to hazardous chemicals, rubber dust, and excessive noise especially in sole/stockfit area- done Jul 30, 2018 & CSR monthly internal audit to ensure female workers out of hazardous chemical, rubber dust and excessive noise done. 3. (Completed) Review workstations with production managers in sewing section of Workshop A, D, and sample making room to re-arrange Workstations to ensure worker easy work and move & CSR monthly internal audit to ensure worker easy work and move 4. (Completed) Provide anti-fatigue mat and arrange more short breaks to workers, whose work requires them to stand for long hours CSR team, production managers Internal audit periodically to ensure workers stand for long hours have Provide anti-fatigue mat and short breaks 5. (Completed) Arrange short breaks to Screen printing workers to reduce ergonomic risk-done, Aug 2018 & CSR team Internal audit periodically to ensure workers stand for long hours have Provide anti-fatigue mat and short breaks done.

## NEW FINDING NO.20

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. No Standard Operation Procedure (SOP) for machine safely operation posted on 90% of machines and equipment. [ER.1, ER.31, HSE.1, HSE.14]
2. Machines do not have adequate machine guards: pulley guard for water pump at canteen; needle guards on 60% sewing machines of Workshop D are put too high to protect the workers from needle prick injuries.; [HSE.14, HSE.8]
3. Validated Inspection label on one forklift in material warehouse is too blurred to verify the inspection date. No inspection or validation label is attached on elevator of the workshop C. [HSE.1, HSE.14, HSE.4]
4. The validated inspection of one air compressor was expired. [HSE.1, HSE.4, HSE.14]
5. Missing validated inspection record of one elevator. [HSE.1, HSE.4, HSE.14]
6. Laser cutting machines, computerized cutting machines in Workshop A, D and C; UV and infrared heating machines and conveyors in soles section are not covered. [HSE.1, HSE.14]
7. Sole Grinding machines at sole section do not stop immediately when the emergency shut off button is turned off. Also their grinding plates are not fully covered. [HSE.1, HSE.14.1]
8. Law No. 84/2015/QH13, Art. 30 and Art. 31 ; FLA Workplace Code [HSE.14.1, HSE.4]

9. Operational buttons on cutting/ automatic blanking/ hot pressing/ hot steam machines in workshop A are not in local language. [HSE.1, HSE.14]
10. Missing warning sign for hot steam machines in Workshop A. [HSE.1, HSE.14.3]
11. Chain of conveyor from the second floor to the first floor in workshop A is not covered. [HSE.1, HSE.14.1]
12. One ironing machine in the workshop D is kept turn on in the work floor while no worker is working there. [HSE.1, HSE.14]

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138, Art 147.1; Law NO. 84/2015/QH13, Art.13, Art. 15, and Art. 16; FLA Workplace Code (Health and Safety Benchmarks HSE.1, HSE.4, HSE.8, HSE.14; Employment Relationship Benchmarks ER.1, ER.31)

Recommendations for Immediate Action

1. Establish Standard Operation Procedure (SOP) for machine safely operation and post on machines/ equipment.
2. Equip machines with adequate machine guards.
3. Periodically conduct the validation/ inspection for all strictly safety required machines such as forklift, elevator, etc., attach the validated Inspection label on the inspected machines, and maintain the inspection records onsite.
4. Cover all laser cutting machines, computerized cutting machines in workshop A, UV and infrared heating machines and conveyors in soles section, workshop A.
5. Look for engineering control (for example equip the clutch together with brake, etc.) for the Sole Grinding machines to ensure it is stopped immediately when emergency shut off button is triggered.
6. Label all operational buttons on machines in local language.
7. Equip warning sign for hot steam machines
8. Turn ironing machines off when no use.

**COMPANY ACTION PLANS**

Action Plan no 1.

Description

1. Establish Standard Operation Procedure (SOP) for machine safely operation and post on machines/ equipment.

2. Equip machines with adequate machine guards.
3. Periodically conduct the validation/ inspection for all strictly safety required machines such as forklift, elevator, etc., attach the validated Inspection label on the inspected machines, and maintain the inspection records onsite.
4. Cover all laser cutting machines, computerized cutting machines in workshop A, UV and infrared heating machines and conveyors in soles section, workshop A.
5. Look for engineering control (for example equip the clutch together with brake, etc.) for the Sole Grinding machines to ensure it is stopped immediately when emergency shut off button is triggered.
6. Label all operational buttons on machines in local language.
7. Equip warning sign for hot steam machines
8. Turn ironing machines off when no use.

#### Company Action Plan Update

1. (Completed) CSR team recheck all machine and equipment for each building and additional SOP machine safely operation to which machine lack of SOP. TPM dept post SOP on all of machine and equipment . CSR monthly internal audit to ensure all of machine and equipment are posted SOP

2. (Completed) CSR strictly request sewing section at workshop D adjust needle guard turn back to correct position and all related department conduct self-checking and inform to TPM team install the machine guard if missing. CSR monthly internal audit to ensure Machines are adequate machine guards

3. (Completed) CSR require related departments post the new inspection label to forklift at warehouse and elevator of the workshop C to ensure clearly verify the inspection date.

4. (Completed) GA conduct checking all air compressor and process to inspection, renew inspection label as require. Post the Inspection label on the air compressor machine. CSR monthly internal inspection to ensure Inspection labels are posted and clearly verify the inspection date

5. (Completed) Post the new inspection label to all elevator. CSR monthly internal inspection to ensure Inspection labels are posted and clearly verify the inspection date

6. (Completed) CSR arrange schedule to check all mentioned department and strictly request must be cover for each part dangerous as manufacture design. Post the warning sign and reminder to ensure Laser cutting machines, computerized cutting machines in Workshop A, D and C; UV and infrared heating machines and conveyors in soles section are covered. CSR monthly internal inspection to ensure all of machines are covered when machines operating

7. (Completed) The emergency stop button was installed in sole grinding machines but due to force of inertia, the grinding plate need a second to stop - done in Jun'18. Factory installed the safety cover to cover the grinding plate in case of no operator by Oct'18.

8. (Completed) Update the valid permits and certificates into the list to monitor. Ensure all production machinery, equipment and tools shall be properly guarded and regularly maintained.
9. (Completed) CSR team advice to A building manager to cover this issue. As method: attached sticker by local language to all functional button of machines
10. (Completed) Request A building manager contact in-charge person to additional warning sign to all machines. CSR monthly internal inspection to ensure all of warning signs are posted on hot steam machines
11. (Completed) CSR team request TPM team install cover for this conveyor chain. CSR monthly internal inspection to ensure chain of conveyor is covered
12. (Completed) CSR posted the caution to remind turning off ironing machine when not use-Done in May'18. Communication to workers to ensure ironing machine kept turn off when not working and put in the proper areas

## NEW FINDING NO.21

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not store gas bottles at a separate storage areas from the kitchen for foreigners and at the eating area of the workers' canteen. Also the valves on gas bottles were not closed when not in use. [HSE.1, HSE.9.1]
2. The factory does not equip eyewash stations and shower stations in Workshop A and in the production areas, where workers exposed to hazardous chemicals. In addition, improper eye wash stations equipped in some parts of soles (stock fitting) section and sample making room, the factory equips two 500ml- eyewash bottles for more than 1000 workers working there. Eyewash station at the soles section was not accessible as it was blocked by pallets of materials. [HSE.1, HSE.7]
3. The factory has not used non-explosive lightings and fans in the printing and spraying area of the sample making section. [HSE.1, HSE.6]
4. The factory uses improper chemical containers at printing area in second floor of Workshop A and at the chemical mixing area, sample making section and also sole section. The factory uses drinking water or soft drink bottles for glue and solvents and also re-use the chemical containers to contain the mixed chemicals for daily use without removing the original label and stick them with the proper label of the chemicals kept inside and without study if the re-used containers are compatible with chemicals kept inside or if the re-use containers are not rinsed proper with the environmental protective method before recycling for production. [HSE.1, HSE.9.1]

##### Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138.1; TCVN 5507:2002, Art 5.1.3, and Art 5.1.7, Circular 19/2016/BYT, Art 5.2; Law no.06/2007/QH12, Art 27 and Art 28, Circular 19/2016/BYT, Art 5.3; FLA Workplace Code (Health and Safety (HSE.1, HSE.6.1, HSE.7, and HSE.9.1)

##### Recommendations for Immediate Action

1. Store gas bottles at a separate storage area in the kitchen eating area of the workers' canteen. Close all valves on gas bottles when no use.
2. Equip eyewash stations and shower stations in in the production areas, where workers exposed to hazardous chemicals. Ensure eye wash stations are adequate and accessible at all time.
3. Install non-explosive lightings/ fans in the printing and spraying of the sample making section.
4. Ensure proper containers are used and labeled for chemicals in all workshops

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Store gas bottles at a separate storage area in the kitchen eating area of the workers' canteen. Close all valves on gas bottles when no use.
2. Equip eyewash stations and shower stations in in the production areas, where workers exposed to hazardous chemicals. Ensure eye wash stations are adequate and accessible at all time.
3. Install non-explosive lightings/ fans in the printing and spraying of the sample making section.
4. Ensure proper containers are used and labeled for chemicals in all workshops

#### Company Action Plan Update

1. (Completed) CSR meeting with canteen manager and request transfer store gas bottles at separate storage areas from the kitchen for foreigners and at the eating area of the workers' canteen. By the way also request all valves on gas bottles must be closed when not in use. CSR monthly internal inspection to ensure the valves on gas bottles are closed when not in use and store gas bottles at separate storage areas.

2. (Completed) CSR suggestion to top management based on quantity of worker in each area, where workers exposed to hazardous chemicals will install eyewash stations and shower stations accordingly as safety standard required. Painting yellow line on floor cover eyes wash location and inform to all workers, supervisors do not block this area. Note: Diamond factory don't have any separate floor more than 1000 workers as FLA mentioned. CSR monthly internal inspection to ensure eyewash bottles in good condition for using

3. (Completed) CSR review the safety regulation and advise to sample making section should be change normal lighting, fans to non-explosive lightings and fans. GA dept change the non-explosive lightings and fans in the printing and spraying area of the sample making section

4. (Completed) Hold the meeting to communicate clearly about chemical management in Jun'18-done. Monthly inspect in internal inspection program to ensure proper containers are used and labeled for chemicals in all workshops

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory uses fabric net to cover the cooked foods which posed cross contamination risk, also, the foods are not fully covered against flies and insects  
FLA Workplace Code [HSE.1, HSE.22.1]
2. The factory keeps food Samples in 24 hours only (as legal requirement) instead of 72 hours as international standards. Also, volume of food samples taken are not sufficiently, although the records show that each volume of each food sample is 250g but it is about 50 to 100g when observed. [HSE.1, HSE.22.1]
3. The factory has not kept and recorded food samplings for foreigners at canteen. [HSE.1, HSE.22]
4. The factory has not covered lighting system in kitchens for both for workers and for foreigners. [HSE.1, HSE.19, HSE.22.1]
5. The factory has not used water resistant materials or stainless steel for meat grinding machines, cutting boards and knives to avoid cross contamination.  
[HSE.1, HSE.22.1]
6. The factory keeps vegetables next to dust bins in the kitchen for foreigners. [HSE.1, HSE.22.1]
7. The factory does not have a procedure to control the quality and food origin in the canteens. [ER.1, ER.31.1]
8. There are at least 5 canteen workers who do not have the food safety training and health check at the canteen of workers. [HSE.1, HSE.22.2]
9. The factory does not provide cups to workers for drinking water. [HSE.1, HSE.23.1.2]

Local Law or Code Requirement

Circular 15/2012/BYT, Art 1, Art 2, Art 4 and Art.5; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.22, and HSE.23.1.2, Employment Relationship ER.31.1)

Recommendations for Immediate Action

1. Ensure foods are fully covered against flies and insects.
2. Ensure sufficient volume of food samples are kept in 72 hours as international standards.
3. Keep and record food sampling at canteen for foreigners.
4. Cover all lightings in kitchens of both for workers and for foreigners
5. Use water- resistant materials / or stainless steel for meat grinding machines, cutting boards and knives to avoid cross contamination.
6. Keep vegetables separated from dust bins in the foreigner's kitchen.
7. Establish procedure to control the quality/ and food origin in the canteens.



8. Ensure all canteen workers have the food safety training and health check at the canteen of workers.

9. Provide cups to workers for drinking water.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. (Completed) HR dept. request canteen must be clean the fabric net weekly at least one time. CSR, HR, Trade Union conduct irregular checking, if found fabric net dirty or unacceptable on time request canteen staff to clean or take punishment. Remind canteen staff ensure fully covered against flies and insects. 2. (Completed) HR dept. request canteen in-charge supervisors checking to ensure that volume of food samples taken must be sufficient (250g) and keeps food samples in 72 hours as international standards. Monthly internal inspection to ensure volume of food samples taken must be sufficiently (250g) and keeps food samples in 72 hours as international standards. 3. (Completed) CSR inform to in-charge supervisor of foreigners canteen need to kept and record food samplings same as requirement for worker's canteen. CSR Monthly internal inspection to ensure kept and recorded food samplings for foreigners at canteen 4. (Completed) CSR inform to GA dept. conduct checking, how many light need to install the cover for both canteen and install cover as soon as possible. CSR Monthly internal inspection to ensure lighting system in kitchens for both for workers and for foreigners are covered 5. (Completed) HR dept. request canteen change all equipment were mentioned by FLA auditor to water-resistant materials or stainless steel to avoid cross contamination. CSR Monthly internal inspection to ensure used water resistant materials or stainless steel for meat grinding machines, cutting boards and knives to avoid cross contamination are used 6. (Completed) CSR conduct internal audit at least one time /month to on time advice for improve if found the issue. Request foreigner canteen staff must be store separate vegetables from dust bins. 7. (Completed) Actually CSR team was remained monthly internal self- audit. We had check for origin and quality of foods. However HR should be publish procedure to control the quality/ and food origin of canteen 8. (Completed) Provide the food safety training and health check for canteen's workers by Aug'18. CSR monthly intern inspection to ensure canteen workers have the food safety training and health check 9. (Completed) Provide the cup for workers drinking water

## NEW FINDING NO.23

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Toilets for male and female next to material warehouse are very dirty and smelly. It is said that the cleaner did not clean those toilets for months. [HSE.1, HSE.19, HSE.20]

2. No toilet papers and soaps provided to workers in the toilets. [HSE.1, HSE.20]

3. Toilets at Work shop C and soles section were flooded due to the broken drainage system and running water kept. Floors in all toilets are too slippery and wet. [HSE.1, HSE.19]

4. No washing basin and faucets in male toilets at the sole section. [HSE.1, HSE.20]

5. Doors in male toilets next to material warehouse are very short, about 1 meter, which does not ensure the privacy for workers when using toilets. [HSE.1, HSE.20]

6. About 30% of doors in female toilets next to the material and one of four doors of female toilets at the 4th floor in C workshop were broken. [HSE.1, HSE.20]

##### Local Law or Code Requirement

Circular 19/2016/BYT, Annex 1, FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.19, and HSE.20).

##### Recommendations for Immediate Action

1. Clean all male and female toilets regularly.

- 2. Provide toilet papers and soaps in all toilets.
- 3. Ensure floors of toilets at Workshop C and soles section are dry and sanitary.
- 4. Equip washing basin and faucets in male toilets at the sole section.
- 5. Ensure all doors in male toilets next to material warehouse are tall enough to ensure privacy.
- 6. Repair all broken doors in female toilets

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. (In progress): The toilets are cleaned twice per day-Done from May'18. Cleaner staff daily inspection and record the result. CSR monthly intern inspection to ensure toilets not dirty and smelly 2. ( In progress) Provide toilet papers and soaps in all worker toilets-Done from Jun'18 3. ( In progress) The toilets in C and F-Sole building are repaired from May'18. GA dept. will post their contact number of person in charge the toilet if having any problems by Jul'18 4. (Completed) The washing basin and faucets are installed in male toilets at the sole section from Apr'18 5. (Completed) GA check all of doors in male toilets to counting quantity and instruction HR assistant of sole building make request application form to install higher door at least 1.5m, to ensure privacy for workers when using toilets. 6. (Completed) CSR team check and inform to HR assistant of each building make request send to GA dept. to change the door were broken. HR dept. already attached some slogan at toilet to remind worker take care when using toilet to avoid broken the door, or damaged other equipment

Company Action Plan Update

1. (Completed): The toilets are cleaned twice per day-Done from May'18. Cleaner staff daily inspection and record the result. CSR monthly intern inspection to ensure toilets not dirty and smelly

2. (Completed) Provide toilet papers and soaps in all worker toilets-Done from Jun'18

3. (Completed) The toilets in C and F-Sole building are repaired from May'18. GA dept. will post their contact number of person in charge the toilet if having any problems by Jul'18

4. (Completed) The washing basin and faucets are installed in male toilets at the sole section from Apr'18

5. (Completed) GA check all of doors in male toilets to counting quantity and instruction HR assistant of sole building make request application form to install higher door at least 1.5m, to ensure privacy for workers when using toilets.

6. (Completed) CSR team check and inform to HR assistant of each building make request send to GA dept. to change the door were broken. HR dept. already attached some slogan at toilet to remind worker take care when using toilet to avoid broken the door, or damaged other equipment

## NEW FINDING NO.24

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory has not equipped emergency lights and exit signs on the 2nd floor of foreigner dormitories. [HSE.1, HSE.5.1, HSE.25] 2. The factory has not equipped first aid kits in the dormitories. [HSE.1, HSE.6.1, HSE.25]

3. The factory has not equipped evacuation map in the dormitories. [HSE.1, HSE.5.1, HSE.25]

4. The factory has not checked fire extinguishers regularly and attached the inspection records on the fire extinguishers in the dormitories. [HSE.1, HSE.6, HSE.25]

##### Local Law or Code Requirement

TCVN 2622 (1995), Art. 7.5, Decision No. 2726/QĐ-BKHCN (2009), Art. 10.1.4; Decision No. 2726/QĐ-BKHCN (2009), Art. 10.1.5, 10.2.1, 11.2.1, Circular No.19/2016, Appendix 1 ; FLA Workplace code (Health, Safety and Environment Benchmarks HSE.1, HSE.5.1, HSE.6, and HSE.25).

##### Recommendations for Immediate Action

1. Equip emergency lights and exit signs on the 2nd floor of foreigner dormitories.

2. Equip first aid kits in the dormitories.

3. Equip evacuation maps in the dormitories.

4. Check and attach the inspection records on fire extinguishers in the dormitories regularly.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. (Completed) GA dept. checking and equipped emergency lights to meet safety standard require on 2nd floor of foreigner dormitories .CSR monthly internal inspection to ensure all of emergency lights and exit signs are equipped 2. (Completed) Inform clinic make request and install first aid kit box for dormitories. CSR monthly internal inspection to ensure first aid kits is equipped in the dormitories. 3. (Completed) CSR come to actually check at dormitories and drawing evacuation map in the dormitories and print out install at location easy for looking. 4. (Completed) Remind GA dept. conduct monthly inspection and attached the inspection records on the fire extinguishers in the dormitories. CSR monthly internal inspection to ensure fire extinguishers are checked and attached the inspection records on the fire extinguishers in the dormitories

## NEW FINDING NO.25

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory has not equipped grease trap for pre-filtering the waste water from the kitchen. [HSE.1, ER.31.3]
2. The factory has not classified medical wastes at clinic room. [HSE.1, ER.31]
3. The factory has not classified hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A. [HSE.1, ER.31]
4. The factory has not collected and treated the air emission from the chemical mixing rooms but discharged directly to outside. [HSE.1, ER.31]
5. Waste water from cleaning the printing plates was discharged in toilets as observed at the printing area on the second floor of Workshop A. [HSE.1, ER.31]
6. The factory has not conducted environment drill/ chemical spillage drill. [HSE.1, HSE.5.3]
7. Running water observed in the female toilets next to the material warehouse and in the soles section. [HSE.1, ER.31]
8. The factory keeps empty chemical containers outside without a shelter and secondary containment in front of screen printing room in Workshop A. missing second containment for empty chemical containers in air compressor room. [HSE.1, HSE.9.1]
9. The factory has not updated the registered hazardous waste book following the new EIA. It was dated back to July 2014. [HSE.1, ER.31]

#### Local Law or Code Requirement

Vietnam Labor Code 2013, Art. 138.1, Environment law no.55/2014/QH13, Article 20, 68, 108, FLA Workplace Code (Employment Relationship ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE5.3, and HSE.9.1)

#### Recommendations for Immediate Action

1. Equip grease trap for pre-filtering the waste water from the kitchen.
2. Classify medical wastes at clinic room.
3. Classify hazardous and house hold wastes at the printing area of sample making section and at printing area on the second floor of workshop A.
4. Treat the air emission from the chemical mixing rooms.
5. Treat waste water from cleaning the printing plates at the printing area on the second floor of workshop A.
6. Conduct environment drill/ chemical spillage drill.
7. Save running water in the female toilets next to the material warehouse and in the soles section.
8. Equip a shelter and secondary containment for empty chemical containers in front of screen printing room in workshop A and empty chemical containers in air compressor room.
9. Update the registered hazardous waste book following the new EIA.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. (Completed) Required canteen manager install equip grease trap for pre-filtering the waste water from the kitchen. Collect waste oil and sell it for company who collects waste oil. CSR monthly internal inspection to ensure waste water from the kitchen are prefiltering by grease trap 2. (Completed) Re-trained classify medical wastes at clinic room for clinic staff and workers. CSR team Internal audit periodically to ensure medical wastes are classified medical wastes at clinic room 3. (Completed) Re-trained classify hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A. CSR team and production managers Internal audit periodically to ensure hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A are classified 4. (In progress) CSR discussed with TPM to install the system for collecting and treating air emission from chemical mixing room to outside. TPM will install the system by Aug'18 5. (Completed) Re-train worker at the printing area on the second floor of Workshop A about do not discharged Wastewater from cleaning the printing plates in toilets, only put to treatment waste water system. CSR team and production managers Internal audit periodically to ensure Wastewater from cleaning the printing plates are Properly treated 6. (Completed) Yearly train in environment drill/ chemical spillage drill for worker and supervisors 7. (Completed) GA dept. check and repair water pipe in the toilets to avoid running water. Post Save water sign in the toilets. Work with production manager to propaganda about use save water. CSR team and production managers Internal audit periodically to ensure save running water in the toilets 8. (Completed) Equipped a shelter and secondary containment for empty chemical containers in front of screen printing room in workshop A and empty chemical containers in air compressor room. CSR team, production managers Internal audit periodically to remind and ensure empty chemical containers are put in shelter and secondary containment 9. (Completed) Re-checked the volume of actual hazardous waste compared to the quantity of hazardous wastes registered in the hazardous waste book. Make and send the hazardous waste report to local government (with the volume of actual hazardous waste over than quantity of hazardous wastes registered in the hazardous waste). In May 2014, Factory opened a new printing area but lack the EIA report. However, in July 2014, Factory updated Hazardous Waste book according to the actual production situation (after the printing area was put into operation). In September 2016, the Factory make the EIA report ( include new printing area). Therefore in new EIA report only inform that Factory will repair the hazardous waste storage area, not include about update hazardous waste book

#### Company Action Plan Update

1.  
(Completed) Required canteen manager install equip grease trap for pre-filtering the waste water from the kitchen. Collect waste oil and sell it for company who collects waste oil. CSR monthly internal inspection to ensure waste water from the kitchen are pre-filtering by grease trap
2.  
(Completed) Re-trained classify medical wastes at clinic room for clinic staff and workers. CSR team Internal audit periodically to ensure medical wastes are classified medical wastes at clinic room
3.  
(Completed) Re-trained classify hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A. CSR team and production managers Internal audit periodically to ensure hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A are classified
4.  
(Completed) Factory installed the system for collecting and treating air emission from chemical mixing room to outside.
5.  
(Completed) Re-train worker at the printing area on the second floor of Workshop A about do not discharged Wastewater from cleaning the printing plates in toilets, only put to treatment waste water system. CSR team and production managers Internal audit periodically to ensure Wastewater from cleaning the printing plates are Properly treated
6.  
(Completed) Yearly train in environment drill/ chemical spillage drill for worker and supervisors
7.  
(Completed) GA dept. check and repair water pipe in the toilets to avoid running water. Post Save water sign in the toilets. Work with production manager to propaganda about use save water. CSR team and production managers Internal audit periodically to ensure save running water in the toilets

8. (Completed) Equipped a shelter and secondary containment for empty chemical containers in front of screen printing room in workshop A and empty chemical containers in air compressor room. CSR team, production managers Internal audit periodically to remind and ensure empty chemical containers are put in shelter and secondary containment
  
9. (Completed) Re-checked the volume of actual hazardous waste compared to the quantity of hazardous wastes registered in the hazardous waste book. Make and send the hazardous waste report to local government (with the volume of actual hazardous waste over than quantity of hazardous wastes registered in the hazardous waste). In May 2014, DIAV opened a new printing area but lack the EIA report. However, in July 2014, DIAV updated Hazardous Waste book according to the actual production situation (after the printing area was put into operation). In September 2016, the DIAV make the EIA report (include new printing area). Therefore in new EIA report only inform that DIAV will repair the hazardous waste storage area, not include about update hazardous waste book

## Action Plan no 2.

### Description

1. Equip grease trap for pre-filtering the waste water from the kitchen.
  
2. Classify medical wastes at clinic room.
  
3. Classify hazardous and house hold wastes at the printing area of sample making section and at printing area on the second floor of workshop A.
  
4. Treat the air emission from the chemical mixing rooms.
  
5. Treat waste water from cleaning the printing plates at the printing area on the second floor of workshop A.
  
6. Conduct environment drill/ chemical spillage drill.
  
7. Save running water in the female toilets next to the material warehouse and in the soles section.
  
8. Equip a shelter and secondary containment for empty chemical containers in front of screen printing room in workshop A and empty chemical containers in air compressor room.
  
9. Update the registered hazardous waste book following the new EIA.

### Company Action Plan Update

filtering the waste water from the kitchen. Collect waste oil and sell it for company who collects waste oil. CSR monthly internal inspection to ensure waste water from the kitchen are pre-filtering by grease trap

2. (Completed) Re-trained classify medical wastes at clinic room for clinic staff and workers. CSR team Internal audit periodically to ensure medical wastes are classified medical wastes at clinic room

3. (Completed) Re-trained classify hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A. CSR team and production managers Internal audit periodically to ensure hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A are classified

4. (Completed) Factory installed the system for collecting and treating air emission from chemical mixing room to outside.

5. (Completed) Re-train worker at the printing area on the second floor of Workshop A about do not discharged Wastewater from cleaning the printing plates in toilets, only put to treatment waste water system. CSR team and production managers Internal audit periodically to ensure Wastewater from cleaning the printing plates are Properly treated

6. (Completed) Yearly train in environment drill/ chemical spillage drill for worker and supervisors

7. (Completed) GA dept. check and repair water pipe in the toilets to avoid running water. Post Save water sign in the toilets. Work with production manager to propaganda about use save water. CSR team and production managers Internal audit periodically to ensure save running water in the toilets

8. (Completed) Equipped a shelter and secondary containment for empty chemical containers in front of screen printing room in workshop A and empty chemical containers in air compressor room. CSR team, production managers Internal audit periodically to remind and ensure empty chemical containers are put in shelter and secondary containment

9. (Completed) Re-checked the volume of actual hazardous waste compared to the quantity of hazardous wastes registered in the hazardous waste book. Make and send the hazardous waste report to local government (with the volume of actual hazardous waste over than quantity of hazardous wastes registered in the hazardous waste). In May 2014, DIAV opened a new printing area but lack the EIA report. However, in July 2014, DIAV updated Hazardous Waste book according to the actual production situation (after the printing area was put into operation). In September 2016, the DIAV make the EIA report (include new printing area). Therefore in new EIA report only inform that DIAV will repair the hazardous waste storage area, not include about update hazardous waste book

## Action Plan no 3.

### Description

1. Equip grease trap for pre-filtering the waste water from the kitchen.
2. Classify medical wastes at clinic room.
- 3.

Classify hazardous and house hold wastes at the printing area of sample making section and at printing area on the second floor of workshop A.

4. Treat the air emission from the chemical mixing rooms.
5. Treat waste water from cleaning the printing plates at the printing area on the second floor of workshop A.
6. Conduct environment drill/ chemical spillage drill.
7. Save running water in the female toilets next to the material warehouse and in the soles section.
8. Equip a shelter and secondary containment for empty chemical containers in front of screen printing room in workshop A and empty chemical containers in air compressor room.
9. Update the registered hazardous waste book following the new EIA.

#### Company Action Plan Update

1. (Completed) Required canteen manager install equip grease trap for pre-filtering the waste water from the kitchen. Collect waste oil and sell it for company who collects waste oil. CSR monthly internal inspection to ensure waste water from the kitchen are pre-filtering by grease trap

2. (Completed) Re-trained classify medical wastes at clinic room for clinic staff and workers. CSR team Internal audit periodically to ensure medical wastes are classified medical wastes at clinic room

3. (Completed) Re-trained classify hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A. CSR team and production managers Internal audit periodically to ensure hazardous and house hold wastes at the printing area of sample making section, and at printing area on the second floor of workshop A are classified

4. (Completed) Factory installed the system for collecting and treating air emission from chemical mixing room to outside.

5. (Completed) Re-train worker at the printing area on the second floor of Workshop A about do not discharged Wastewater from cleaning the printing plates in toilets, only put to treatment waste water system. CSR team and production managers Internal audit periodically to ensure Wastewater from cleaning the printing plates are Properly treated



6. (Completed) Yearly train in environment drill/ chemical spillage drill for worker and supervisors

7. (Completed) GA dept. check and repair water pipe in the toilets to avoid running water. Post Save water sign in the toilets. Work with production manager to propaganda about use save water. CSR team and production managers Internal audit periodically to ensure save running water in the toilets

8. (Completed) Equipped a shelter and secondary containment for empty chemical containers in front of screen printing room in workshop A and empty chemical containers in air compressor room. CSR team, production managers Internal audit periodically to remind and ensure empty chemical containers are put in shelter and secondary containment

9. (Completed) Re-checked the volume of actual hazardous waste compared to the quantity of hazardous wastes registered in the hazardous waste book. Make and send the hazardous waste report to local government (with the volume of actual hazardous waste over than quantity of hazardous wastes registered in the hazardous waste). In May 2014, DIAV opened a new printing area but lack the EIA report. However, in July 2014, DIAV updated Hazardous Waste book according to the actual production situation (after the printing area was put into operation). In September 2016, the DIAV make the EIA report (include new printing area). Therefore in new EIA report only inform that DIAV will repair the hazardous waste storage area, not include about update hazardous waste book