



FAIR LABOR
ASSOCIATION_®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



Verification Assessment

COMPANIES: Dallas Cowboys Merchandising, Ltd.
Top of the World, LLC

COUNTRY: Vietnam

ASSESSMENT DATE: 09/04/17

ASSESSOR: Global Standards

PRODUCTS: Apparel

NUMBER OF WORKERS:

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: Termination & Retrenchment

Finding Explanation

The factory's Termination practices do not comply with local law. The factory does not include payment of workers' severance allowance for the periods in which they did not contribute to Unemployment Insurance, such as probationary periods and maternity leave periods as legally required. By law, severance should cover all time worked even when employees do not contribute to unemployment insurance (such as: probation, apprenticeship, and maternity leave).

The factory does not pay workers severance for their multiple previous labor contracts if they illegally break the final contract as legally required.

Local Law or Code Requirement

Decree No. 05/2015/ND-CP guiding the implementation of the Labor Code; Circular No. 17/2009/TT- BLDTBXH of the MOLISA guiding on Labor Contract; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.32.1)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Not Remediated

Explanation: The factory's termination practices do not comply with the local law. The factory does not have a procedure to track service duration when workers do not contribute to unemployment insurance, such as probation, apprenticeship, and maternity leave, to allow for adequate severance allowances paid to resigned workers. ER.1, ER.19, ER.32.1

Root Causes: The factory is not fully aware of legal requirements or the FLA Code.

2. Finding Status: Not remediated

Explanation: The factory did not terminate any employment contracts during the review period. However, the factory has not reviewed its disciplinary procedures since 2009 to ensure that the severance allowance paid to terminated workers is based on their service duration linked to all previous labor contracts and that he or she did not violate the factory regulations. ER.1, ER.19, ER.32

Root Causes: The factory does not fully understand the legal requirements on termination and severance allowance compensation.

Local Law or Code Requirement

Circular no. 47/2015/TT-BLĐTBXH, Art .8 ; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, and ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
Re-review Vetta and DCM benchmarks and identify a way to stay current with changes in legal requirements that are applicable to factory operations.
2.
Create and implement a process to annually review disciplinary and termination policies and procedures against current legal requirements and make adjustments as needed to ensure compliance with law and buyer benchmarks.
3.
Ensure that worker service duration tracking includes a way to track time when workers do not contribute to unemployment insurance (e.g., probation, apprenticeship, maternity leaves, etc.) so that severance allowances are accurate if triggered.

PREVIOUS FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

Workers elected representatives for their departments. These representatives then elected the Executive Committee comprised of seven persons and consists of some factory management. The Executive Committee then elected the chairman, who is the Manager of the Finishing Department.

100% of workers are union members and they signed applications to join the Union, however the union fee is deducted from workers' monthly salary without the written consent of workers.

The factory provides a meeting room for the union upon request, but there is no designated office with the necessary office equipment for the union to conduct daily meetings and for the union representatives to perform their functions.

The factory does not provide workers with a copy of the Collective Bargaining Agreement (CBA), and about 90% of the interviewed workers were completely uninformed about the contents of the CBA. The CBA was signed on September 20, 2013 for a term of three years. The negotiation and signing process are in compliance with legal requirements.

There is no written procedure on dialogue meetings. Three meetings were organized by factory management in 2015 with participation of management representatives, union representatives, and three worker representatives. However, the dialogue process does not follow the legally required process. According to Article 12 of Decree No. 60/ND-CP, 60 days after ending the last meeting, the employer and chairman of the Trade Union shall summarize the content of the meeting and send a request for a meeting to the other party. Within five working days after receiving the request for a meeting, the employer and chairman of the Trade Union shall confirm content, time location, and the participants of periodical meetings. Within three days after the two parties have confirmed content, time, location, and the participants of periodical meeting, the employer shall issue a decision in writing on holding periodical meetings. The decision on holding periodical meeting must be sent to the chairman of the Trade Union at least five working days prior to the day of the meeting. The factory does not communicate the results of the dialogue meetings to the workforce; most interviewed workers are not aware of these meetings.

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 that "the rights of workers to establish organizations of their own choosing implies... the effective possibility of forming... [trade union] 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

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

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Not Remediated

Explanation: The worker representatives elected the Executive Committee. This committee is comprised of seven people and consists of some factory management. The Executive Committee then elects the Chairman, who is the Manager of the Finishing Department. FOA.11, ER.26

Root Causes: The Union representative term is from 2012 to 2017 and the factory has not yet arranged the new labor union election.

2. Finding Status: Remediated

Explanation: Based on worker interviews and document review, workers have signed the written consent for the union fee deduction.

3. Finding Status: Not Remediated

Explanation: There is no designated office with the necessary office equipment for the union to conduct daily meetings or for the union representatives to perform their functions. FOA.1, FOA.2

Root Causes: The factory does not have separated space for the labor union.

4. Finding Status: Partially Remediated

Explanation: The factory has provided a copy of the Collective Bargaining Agreement (CBA) to each group of workers but about 80% of the 49 interviewed workers were completely uninformed about the contents of the CBA. FOA.18, FOA.19, ER.16.2

Root Causes: The CBA was updated in May 2016, but it was not posted on the work floor and the factory did not provide each worker with a copy of CBA. Instead, one copy of the CBA is provided to each production line.

5. Finding Status: Not Remediated

Root Causes: The factory is not aware of the legal requirement and the communication is not effective.

6. 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 that "the rights of workers to establish organizations of their own choosing implies... the effective possibility of forming... [trade union] 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.

Root Causes: The labor union follows the Trade Union Law of Vietnam.

Local Law or Code Requirement

Decree No. 60/2013/ND-CP; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16.2, ER.25, and ER.26; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.11, FOA.18 and FOA.19)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
Coordinate with the union so that the union can hold elections for the worker representatives on the Executive Committee.
2.
Provide the union with the legally required office space and equipment to conduct meetings and perform union functions.
3.
Provide sufficient access to the CBA so that all workers are easily able to be familiar with the CBA terms. Demonstrate that such access is effective by either: 1) giving each worker a copy of the CBA; or 2) work with the union to develop a way to show worker understanding of the CBA terms (e.g., a survey or provide time for union leadership to review the terms with workers

(sign in sheets for attendance).

4.
Develop and implement a written procedure to inform workers in advance of

when meetings with the union will be held, how minutes will be created to document those meetings, and how those

minutes will be shared with workers.

5. Discuss with Vetta Brands and DCM the ILO Convention 87 and 98.

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

Ensure the factory regulation with newly added procedures for workers to appeal disciplinary actions against them is reviewed and approval by the Labor Department before implemented in the factory.

The factory has disciplinary practices that do not comply with local law. In several cases, workers were given warning letters for behaviors that were not registered in the labor regulations, such as going to the bathroom for too long, using phones during work, going out during lunch time/break time without written permission. In two cases, workers were given warning letters when they were pregnant which violates local law.

The factory deducts fines from workers' performance bonuses "A, B, C, or D grading bonus" with a maximum fine of 80,000 VND (approximately USD 3.60) per month for one to two months due to violation of the labor regulations. The maximum bonus a worker can receive is 80,000 VND. In one case, the factory deducted the performance bonus of a pregnant worker for an unauthorized absence, which violates the local law that states that no disciplinary actions can be applied to pregnant workers. The factory does not provide disciplinary decisions to workers which violates local law.

Article 8 of the factory's Labor Regulations procedures requires that "workers are not allowed to leave the factory during working hours or overtime hours without written permission of the supervisors;" this practice restricts the freedom of movement of workers.

Local Law or Code Requirement

Decree No. 05/2015/ND-CP guiding the implementation of some articles of the Labor Code; The Vietnamese Labor Code on Discipline and Material Responsibility, Chapter VIII; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.27.2, and ER.27.3; Forced Labor Benchmark F.4; Harassment or Abuse Benchmarks H/A.1, H/A.2, and H/A.7; Nondiscrimination Benchmarks ND.7 and ND.8)

Recommendations for Immediate Action

1. Establish clear policies and procedures for Workplace Conduct & Discipline. Ensure that all disciplinary actions taken against workers are in compliance with local law.
2. Cease the practice of taking disciplinary actions against pregnant workers. Ensure that pregnant workers are provided with protection from discrimination.
3. Cease the practice of imposing monetary fines/deductions as a disciplinary measure.
4. Revise the policy on restricting workers' freedom of movement during working hours and overtime hours and allow for workers to leave the factory during lunch and break times.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Partially Remediated

Explanation: The factory has amended the factory regulations (Article 3) to include a procedure for workers to appeal disciplinary actions against them. However, the revised factory regulations have not been sent to the Labor Department for review and approval. The factory has attached the previous approval letter to the newly revised set of the factory regulations. ER.1, ER.27

Root Causes: The factory does not think it needs to get approval from the labor department for the revised regulation before it is implemented in the factory.

2. Finding Status: Not Remediated

Explanation: The factory has disciplinary practices that do not comply with local law. In several cases, workers were given warning letters for behaviors that were not in the labor regulations and not in line with the legal requirement. There are two disciplinary cases against pregnant

workers in which their monthly performance allowances were deducted and another case against a nursing worker in 2017, which resulted in a written warning. The two pregnant workers were disciplined because they took leave without approval. ER.27, H/A.1

Root Causes: The factory does not fully understand the legal requirements and the FLA benchmarks.

3. Finding Status: Not Remediated

5. Explanation: The factory deducts fines from workers' performance bonuses "A, B, C, or D grading bonus" with a maximum fine of 80,000 VND (approximately USD 3.60) per month for one to two months due to violation of the labor regulations. The maximum bonus a worker can receive is 80,000 VND. Again, in the verification assessment, there is a case, the factory deducted the performance bonus of a pregnant worker for an unauthorized absence, which still violates the local law. H/A.2, ND.7

Root Causes: The factory is not aware of the legal requirement. 4. Finding Status: Not Remediated

Explanation: The factory still does not provide disciplinary decisions to workers, which violates local laws. ER.27.3

Root Causes: The factory is not aware of the legal requirements and FLA Benchmarks.

5. Finding Status: Not Remediated

Explanation: Overtime is not voluntary. Workers not working overtime have to obtain a written approval from management to leave the factory. Otherwise, security guards stop them. There are at least two cases where workers had to obtain written approval to leave the factory at 16:30. Also, worker interviews confirmed that it is hard to refuse overtime. F.4, HOW.8

Root Causes: The factory is not aware of FLA Benchmarks.

Local Law or Code Requirement

Decree No. 05/2015/ND-CP, Art 30.5; The Vietnamese Labor Code, Art 128.3; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.27; Forced Labor Benchmark F.4; Harassment or Abuse Benchmarks H/A.1, and H/A.2; Nondiscrimination Benchmark ND.7; Hours of Work Benchmark HOW.8)

Recommendations for Immediate Action

1. Make sure that the factory regulations have procedures for workers to appeal disciplinary actions and that they are registered and approved by the Labor Department before implemented.
2. Ensure that disciplinary practices comply with local law and pregnant and lactating workers are waived from disciplinary actions.
3. Cease the practice of deducted from wage for disciplinary actions.
4. Ensure that disciplinary meetings are conducted and disciplinary decisions are provided to all relevant parties.
5. Ensure that all overtime is voluntary.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Obtain approval by labor department for revised disciplinary procedure.
2. Work with Vetta Brands and DCM to review Vetta and DCM benchmarks on employee discipline.
3. Revise disciplinary procedures to eliminate: all monetary fines and/or deductions, any measures which create discriminatory practices against pregnant workers, and any measures which are in violation of current law.
4. Revise existing policies and procedures to allow workers freedom of movement. Workers must be able to leave the premises freely. Overtime should always be voluntary. Revise policies and procedures to eliminate the need for written approval to leave the factory and not work overtime.
5. Provide training to supervisors and all relevant personnel on the updated policies and procedures. Provide documentation of such training.

PREVIOUS FINDING NO.4

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

The written Grievance procedures do not include a commitment to comply with relevant legal requirements.

Local Law or Code Requirement

Decree No. 04/2005/ND-CP guiding the implementation of labor grievance; FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.2, ER.16, and ER.25.2)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

Explanation: The written Grievance procedure has still not been revised. It does not include a commitment to comply with relevant legal requirements and does not ensure non-retaliation. ER.1.3, ER.2, ER.16, ER.25.2

Root Causes: The factory is not aware of the FLA Benchmark

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.2, ER.16, and ER.25.2)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Review and revise the written grievance procedures to ensure that it is in compliance with current law. Include a specific written commitment to comply with relevant legal requirements and a specific policy on non- retaliation against workers who seek to ask questions, raise concerns, or enforce their contractual or legal rights.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory has a written procedure for Recruitment & Hiring, but this procedure does not cover managing performance review or raising or broadening skills in order to advance workers in their careers. The factory does not have written policies and procedures with regard to promotion,

demotion, and job reassignment that are transparent and fair in their implementation.

2. The labor contract does not have details required in Decree No. 05/2015/ND-CP, e.g. start time and end time of every day, allowance and bonus, specifics on Personal Protective Equipment (PPE), and social insurance distribution.

3. In one case, a female worker was given a job with a lower salary rate after taking maternity leave. Before maternity leave: sewing line leader (basic salary: 4,118,000 VND (USD 183) and function allowance: 800,000 VND (USD 36)). After: the worker was assigned to the sample department (basic salary 3,690,000 (USD164) and function allowance: 300,000 (USD13)). This practice does not comply with local laws on maternity leave, workers that return from maternity leave may be reassigned, but must receive at least the same salary as prior to maternity leave. (Article 158 of the Labor Code).

4. The factory does not communicate the Recruitment, Hiring, & Personnel Development Policies and Procedures and their updates to the general workforce.

Local Law or Code Requirement

Labor Code, Article 158; Decree No.05/2015/ND-CP, Article 4; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, ER.29, and ER.30; and Nondiscrimination Benchmarks ND.1 and ND.2)

Recommendations for Immediate Action

1.
Establish a system to identify employees who are pregnant or nursing and provide them the legally required protection. Immediately cease the systematic disciplinary measures taken against pregnant or nursing women based on their pregnancy or maternity leave. Revise the policy on the discriminatory practice against pregnant women at the workplace and communicate the changes to the general workforce.
2.
Reinstate the female worker to her former salary prior to taking maternity leave or assign her a job at an equal salary rate. Back pay the female worker's difference in wages from when she returned from maternity leave at the lower salary rate to meet the former salary rate.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Not Remediated

Explanation: The personnel development procedure has not yet been established or implemented. The performance assessment procedure is not established to assess the performance of workers for wage increases or promotions. Currently, the factory uses the line supervisor-conducted monthly performance assessment to determine wage increases or promotions. This process does not have clear guidelines and workers are not able to appeal their assessment. The policies and procedures related to promotion, demotion, and job reassignment are neither transparent nor fair in their implementation. ER.1, ER.30

Root Causes: The factory is not aware of FLA Benchmarks.

2. Finding Status: Not Remediated

Explanation: The labor contract does not have the details required in Decree No. 05/2015/ND-CP. For example, it lacks the passport number and address of the representatives, the start time and end time of every day, allowance and bonus, rest time, tools, specific Personal Protective Equipment (PPE), and shelflife. ER.1, HSE.7

Root Causes: The person in charge is too busy to revise the labor contract template.

3. Finding Status: Partially Remediated

Explanation: Based on a review of the provided lactating worker list, the workers are offered the same jobs at the same pay after their maternity leave. However, there is no written procedure or training in place provided to the staff to ensure that this practice is systematic applied. ND.1, ND.8

Root Causes: The factory does not fully understand the FLA benchmarks related to procedures.

4. Finding Status: Not Remediated

Explanation: The factory does not communicate the Recruitment, Hiring, & Personnel Development Policies and Procedures or any updates to the general workforce. ER.16, ER.30

Root Causes: The factory is not aware of FLA Benchmarks.

Local Law or Code Requirement

Labor Code, Article 158; Decree No.05/2015/ND-CP, Article 4; FLA Workplace Benchmark (Employment Relationship Benchmark ER.1, ER.16, and ER.30; Nondiscrimination Benchmarks ND.1, and ND.8; and Health, Safety and Environment Benchmark HSE.7)

Recommendations for Immediate Action

1. Establish written policies and procedures regarding promotion, demotion, job reassignment, and personal development that include performance assessment procedures that are transparent and fair in their implementation.
2. Ensure that the labor contracts with workers follow the legal requirements.
3. Establish a procedure and provide training to relevant staff and workers related to ensuring that pregnant workers are offered the same job after maternity leave.
4. Communicate the Recruitment, Hiring, & Personnel Development Policies and Procedures and their updates to the general workforce.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Develop clear policies and procedures for promotions, demotions, job reassignment, and personal development that include fair performance assessment procedures. Document these policies and procedures and train all employees on them. The performance assessments should be carried out in a fair, transparent and regular manner.
2. Identify additional staffing for HR department to address manpower shortages. Update labor contracts to follow legal

requirements.

3. Develop written policies and procedures to document legal obligations to pregnant and lactating workers. Provide training of such policies and procedures to employees responsible for ensuring their implementation.
4. Include as part of worker general orientation and update training information on the factory's recruitment, hiring, and personal development policies and procedures.

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

The factory has a written policy on Wages & Benefits, but lacks clear criteria for the monthly grade bonus. Some workers did not get the bonus or were deducted the bonus when they took days off due to sick leave.

Medical insurance claims are not settled by the factory within three days after approval of the claim, as required by Social Insurance Law.

The factory management does not have a grievance system in place through which workers can submit grievances or questions on wage payments and benefits.

The factory does not communicate its wage and benefit structures and payment policies, procedures, and possible updates to the general workforce.

Local Law or Code Requirement

Law on Social Insurance, Article 117-1; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, and ER.17; Compensation Benchmarks C.1, C.11, C.17, and C.19)

Recommendations for Immediate Action

Ensure that all medical insurance claims are settled within the legally required three days after the approval.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Not Remediated

Explanation: The diligence bonus and performance bonus are deducted if workers take sick leave. One worker took a one week sick leave in the end of July and her diligence bonus was deducted and her ABC bonus was demoted from an A to a C grade. Also, based on worker interviews, all pregnant workers who are in their seventh month or later and all lactating workers are given a B grade because their working hours are shorter than ordinary workers. ER.14, H/A.2, HOW.17

Root Causes: The factory is not aware of FLA Workplace Code and Benchmarks.

2. Finding Status: Remediated

Explanation: The factory settled the medical insurance claims within three days after the approval of the claim, as required by Social Insurance Law.

Root Causes: N/A

3. Finding Status: Remediated

Explanation: The factory has established and implemented a grievance procedure through which workers can submit grievances or questions about wages and benefits. There are two channels to collect the workers' grievances, including those related to wage and benefits: suggestion boxes and management hotlines. The human resources manager and the Trade Union Chairman will collect the grievances weekly and solve them within 10 days. The workers are aware of the procedure and the grievance system has been used.

Root Causes: N/A

4. Finding Status: Not Remediated

Explanation: The factory still does not post the wage scale on the bulletin board. ER.1, ER.16

Root Causes: The factory is not aware of the legal requirement.

Local Law or Code Requirement

Vietnam Labor Code, Art 93, FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, and ER.16; Harassment or Abuse Benchmark H/A.2; Hours of Work Benchmark HOW.17).

Recommendations for Immediate Action

1. Ensure that the written policy on Wages & Benefits includes clear criteria for the monthly grade bonus and ensure the fair assessment of pregnant and lactating workers in the calculation of bonuses. Also, cease the practice of deducted bonuses from workers who take sick leave.

2. Post and communicate wage and benefit structures, payment policies and procedures, and wage scales to the workforce.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Cease the practice of deducting bonuses from workers who take sick leave and train relevant personnel on this to ensure that the practice is ended.
2. Develop clear, written criteria for the monthly grade bonus and how that

criteria is applied. Ensure that it provides a fair assessment of all workers, including but not limited to pregnant and lactating workers. Share that information with workers, supervisors and other relevant personnel. Review implementation of the assessment quarterly for at least a year to ensure it is being implemented fairly. Provide additional training if discrepancies are identified.

3.

Post and communicated wage and benefit structures, payment policies and procedures, and wage scales in locations that are easily accessible to workers.

PREVIOUS FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

The factory does not have a proper Environment Management System. No Environment risk assessment or analysis of impacts. There are plans and targets to track and conserve water, electricity and GHG from 2013-2014, but no regular review, analysis or improvement plans.

The factory lacks procedures covering the following topics: reporting environmental emergencies, how workers can raise environmental concerns, and protection against retaliation for workers who allege environmental violations.

The glue spray was not stored in the chemical warehouse with the other chemicals, nor were empty cans handled properly as hazardous waste.

The hazardous waste permit requires regular reporting on hazardous wastes every six months; the factory has not complied with this requirement.

Local Law or Code Requirement

Decree No. 38/2015/ND-CP, Article 7.5; FLA Workplace Code (Health & Safety Benchmarks HSE.1, HSE.4, and HSE.9)

Recommendations for Immediate Action

1. Ensure that all chemicals, including the glue spray is properly stored in the chemical warehouse. Ensure that all empty cans are properly handled as hazardous waste.
2. Regularly report on hazardous waste to the local environmental bureau every six months as legally required.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Partially Remediated

Explanation: The factory has an environment impact assessment every six months to ensure that all environment elements are in line with legal requirements. However, the regular review, analysis, and improvement plans for water, electricity usage, and GHG discharge have not been conducted, according to legal and FLA requirements. ER.31

Root Causes: The factory is not aware of the FLA Workplace Benchmarks and legal requirement on saving nature resources and also reduction of GHG.

2. Finding Status: Not Remediated

Explanation: The procedure on reporting environmental emergencies, including how workers can raise environmental concerns and the protection against retaliation for workers who allege environmental violations, is not established. ER.1, ER.31

Root Causes: The factory is not aware of the FLA Workplace Code and Benchmarks.

3. Finding Status: Remediated

Explanation: The glue spray and empty cans are properly stored in the chemical warehouse and hazardous waste are.

Root Causes: N/A

4. Finding Status: Remediated

Explanation: The quantity of hazardous waste discharged is reported every six months, as legally required.

Root Causes: N/A

Local Law or Code Requirement

Law No. 55/2014/QH13, Art. 33 and Art. 41; FLA Workplace Code (Employment Relationship Benchmark ER.1 ER.31)

Recommendations for Immediate Action

1. Conduct regular review, analysis, and improvement plans for water usage, electricity usage, and GHG discharge.
2. Establish a procedure on reporting environmental emergencies, including how workers can raise environmental concerns and the protection against retaliation for workers who allege environmental violations.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. As part of the semi-annual environmental impact assessment, include a review of the factory's water and electricity usage and GHG discharge. Identify the employee who will be responsible for analyzing the findings against past usage/discharge figures and developing ideas for future reductions. Identify which member of senior management will be responsible for overseeing that the environmental impact assessments occur, reviewing the findings and recommendations, and directing follow up actions. Develop a means to track the factory's progress in this area.

2.

Establish how workers can raise environmental concerns and how they will be protected against retaliation for doing so. You can use existing grievance procedures if applicable. Train workers on the channels available to them to do so and train all applicable employees on the no retaliation policy.

PREVIOUS FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory's Health & Safety procedures do not cover the following topics: measures to protect the reproductive health of employees through minimizing exposure to workplace hazards, how workers can raise Health & Safety concerns, and protection against retaliation for workers who raise health and safety concerns. 2. The safety committee does not include a trade union representative or worker participation as required by local law and FLA benchmarks. 3. Management representatives have not signed the accident investigation reports as the law requires. There is no further analysis of accidents or tracking of hours/days lost due to accidents. 4. Machine guarding for sewing and overlock machines is inadequate. About 40% of sewing workers do not use needle guards and eye shields. 5. About 10 machines and operations use compressed air and have elevated noise levels. The factory has not tested these noise levels and provided the appropriate PPE based on these tests. 6. More than 50% of machines and work stations lack safety Standard Operating Procedures (SOPs). Some SOPs are not updated or do not include personal protective equipment (PPE). The factory does not post PPE requirements clearly and consistently for each area or operation. The SOPs do not include PPE for eyes, ears, and fingers. 7. The laser cutting machine is operated with the lid open and no safety interlock. The related safety SOP fails to mention the need to close the lid. Closing the lid protects workers from getting the laser reflected into their eyes and toxic smoke and fumes from escaping. Additionally, the operator does not wear a face mask or goggles when operating the machine. 8. There is no safety procedure for work at heights, lifting, loading of racks, confined spaces, ergonomics, or asbestos. The factory is not taking steps to reduce repetitive-motion stress or injuries. Additionally, the factory does not provide lifting belts for workers that lift materials and ergonomic breaks are not provided. 9. The factory has not posted loading limits for the racks in the material warehouse training or provided training on safe lifting techniques. 10. The factory does not have a procedure to inform long term contractors on Code of Conduct and Safety requirements (contractors are only informed of C-TPAT). 11. At least three bathrooms lacked soap. 12. The factory did not post the relevant Material Safety Data Sheets (MSDS) or PPE requirements at the glue spray booth. The factory provides dust masks for workers at this booth; however, the appropriate PPE is chemical masks. 13. The chemical safety training materials are dated back in 2009, and there is no record or documentation of recent trainings for workers handling and using chemicals, including for those who work with glue spray in the embroidery department. The factory does not provide training for all employees who work with chemicals. 14. Internal risk assessments have been conducted for Health & Safety, but these assessments do not have scoring or ratings. There were no risk assessments for Environment or Fire. The factory has not hired an independent third party to conduct a fire assessment. 15. The fire protection pump was operating normally, but was low on fuel (~10%). It is checked weekly, but was not refilled when it ran low. 16. The factory does not communicate its Health & Safety procedures to the general workforce.

Local Law or Code Requirement

Recommendations for Immediate Action

1. Ensure that all sewing machines and overlock machines have the proper guards and are installed and used correctly. Ensure the button snapping machines operate so that workers are not danger of injury when operating.
2. Test noise for all machines using compressed air to determine which require hearing protection.
3. Ensure that all machines have updated and accurate SOPs and that all workers have the appropriate and required PPE for the area they are working or machine they are operating.
4. Ensure that all bathrooms have soap.
5. Ensure the accurate MSDS is posted at the spray glue booth and provide the appropriate chemical mask.
6. Update training materials on chemical safety and train workers that work with chemicals.
7. Ensure the fire protection pump is refilled when checked on a weekly basis with an adequate level of fuel.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Not Remediated

Explanation: The factory does not have a reproductive health procedure. The factory also does not have a procedure for workers to raise health & safety concerns, or a procedure to protect workers who raise health and safety concerns against retaliation. ER.31, HSE.12

Root Causes: The factory is not aware of FLA Benchmarks.

2. Finding Status: Remediated

Explanation: The Safety Committee includes a trade union representative, as required by local law and FLA benchmarks.

Root Causes: N/A

3. Finding Status: Partially Remediated

Root Causes: The factory is not aware of the legal requirement.

4. Finding Status: Partially Remediated

Explanation: At least 10% of the sewing machines are missing needle guards or they are put at too high of a position to protect workers. HSE.1, HSE.14

Root Causes: Workers are not aware of the risk and there is not regular monitoring of machine safety. Also, even though worker training is provided, the duration is insufficient.

5. Finding Status: Partially Remediated

Explanation: The factory has tested the noise levels and provided earplugs to workers based on these tests. However, one of the four button snapping operators does not wear earplugs while working on the machine. HSE.1, HSE.7

Root Causes: Workers are not aware of the noise risks and no governance is conducted.

6. Finding Status: Remediated

Explanation: The SOPs are updated to include personal protective equipment (PPE). The factory posts the PPE requirements for each area of operation.

Root Causes: N/A

7. Finding Status: Not Remediated

Explanation: The laser cutting machine is operated with the lid open and no safety interlock. The related safety SOP fails to mention the need to close the lid. Closing the lid protects workers from getting the laser reflected into their eyes and toxic smoke and fumes from escaping.

Explanation: The management representatives sign the accident investigation reports as legally required. Accidents hours and days lost are tracked. However, the root causes of the accidents and the injuries are not analyzed properly in the cases of needle pricking and foot-related injuries. ER.31, HSE.1

Additionally, the operator does not wear a face mask or goggles when operating these machines. ER.31, HSE.7

Root Causes: No monitoring applied in those areas of Laser cutting machines. 8. Finding Status: Partially Remediated

Explanation: The safety procedures for working at high elevations, lifting, the loading of racks, working in confined spaces, ergonomics, or asbestos had been established. The safety procedures on the loading of racks and working in confined spaces have been established but do not have detailed steps, including how to implement them to mitigate risks. Also, the management team has not reviewed and approved the procedures. In addition, the factory does not take steps to reduce repetitive-motion stress or injuries. Additionally, the factory still does not provide lifting belts to workers that lift materials and there is no evidence to prove that workers are provided with ergonomic breaks. HSE.1, HSE.17, ER.31

Root Causes: The factory risk assessment does not include lifting. The factory is not aware of legal and FLA requirements.

9. Finding Status: Not Remediated

Explanation: The factory has not posted the loading limits for the racks in the material warehouse or provided training on safe lifting techniques. HSE.1, HSE.17

Root Causes: The factory is not aware of FLA Workplace Code and Benchmarks.

10. Finding Status: Not Remediated

Explanation: The factory still does not have a procedure to inform long term contractors on the Code of Conduct and Safety requirements. ER.31

Root Causes: The factory is not aware the FLA Benchmark related to the procedure. 11. Finding Status: Remediated

Explanation: The bathrooms are equipped with soap.

Root Causes: N/A.

12. Finding Status: Remediated

Explanation: The factory posts the relevant Material Safety Data Sheets (MSDS) and Personal Protective Equipment (PPE) requirements at the glue spray booth.

Root Causes: N/A

13. Finding Status: Not Remediated

Explanation: The factory does not provide chemical safety training to all employees who work or are exposed to chemicals. HSE.1, HSE.9

Root Causes: The factory is not aware of the legal requirement.

14. Finding Status: Partially Remediated

Explanation: The company performs risk assessments for the Environment. However, the factory does not conduct a fire risk assessment. The factory has not hired an independent third party to conduct the fire assessment. HSE.5, HSE.1

Root Causes: Budget constraints 15. Finding Status: Not Remediated

Explanation: The procedure to check the fuel of the fire protection pump is established. However, it is not adequate. The procedure does not require checking the fuel level indicator on the fuel tank, but it does require workers to open the cover to check the quantity of the fuel in the tank. The workers are not able to see and determine the volume of the fuel in the tank from the top. There is no posted SOP for tracking the fuel of the fire pump. During the assessment, the fuel level indicators were too dirty to observe the fuel level in the tank, while the fuel volume in the tank is too low for proper operation. HSE.1, HSE.6

Root Causes: The person in charge is not able to monitor all the H&SE aspects in the factory on their own.

16. Finding Status: Remediated

Explanation: The factory communicates its Health and Safety procedures to the general workforce.

Root Causes: N/A

Local Law or Code Requirement

Vietnam Laws on Health and Safety No.84/2015/QH13, Art.7, Art 176.2, Vietnam Labor Code, Art 108, Art 138, Circular 04/2014/BLDTBXH, Art 6, Vietnam Labor Code Art 149, Circular 04/2014/BLDTBXH, Art 5, Art 6, TCVN 5507:2002, Art 4.1.4, FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.6, HSE.7, HSE.9, HSE.12, HSE.14, HSE.17, HSE.19, Nondiscrimination Benchmark ND.11, Employment Relationship Benchmarks ER.31)

Recommendations for Immediate Action

1. Establish a reproductive health procedure.
2. Ensure that the factory properly analyzes the root cause of accidents and injuries, especially in the cases of needle pricking and feet related injuries.
3. Ensure that all machines have the proper guards and covers installed and that they are used correctly.
4. Require all workers to wear hearing protection when operating the button snapping machines.
5. Equip all toilets with water supplies and high quality toilet paper.
6. Update the training materials on chemical safety and train workers that work with chemicals.
7. Revise the procedures to check the fuel of the water pump and ensure the fuel is refilled regularly to maintain the good operation of fire water pump.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Finding 1: Develop a reproductive health procedure. Identify a way for workers to raise health and safety concerns free from retaliation. Communicate to workers the reproductive health procedure and how to raise health and safety concerns. Train supervisors/managers on health and safety requirements and the factory's non-retaliation policy. Ensure effective oversight that health and safety and non-retailation procedures are correctly carried out.

2.

Finding 3: Identify person(s) responsible for analyzing the root cause of

accidents and injuries, including but not limited to cases of needle pricking and feet related injuries. Set up a regular review (e.g., monthly) of those root causes with management responsible for facility safety. From those reviews identify changes to implement to improve facility safety. Create a method to document these enhancements to track their effectiveness.

3.

Findings 4,5,7: Ensure that all machines have proper guards and covers installed and that they are used correctly. Specifically address awareness and enforcement of necessary PPE use (e.g., use of guards, ear plugs) and machine guard/covers with sewing machines, button snapping machines, and laser cutting machines.

4.

Finding 8: Include lifting as part of the factory's operational risk analysis and provide appropriate PPE (e.g., lifting belts) to

workers who lift as part of their work responsibilities. Ensure that each risk assessment reviews the ergonomic aspects of the role (e.g., repetitive motion) and contains specific steps on how to mitigate the risks identified. Specifically, address these issues for loading of racks and working in confined spaces. Ensure that all of the risk assessments go through a management review and approval process.

5. Finding 9: Post load limits for racks in the material warehouse. Following the lifting risk analysis (see 4. above), provide training to relevant workers on proper lifting techniques.
6. Finding 10: Develop and implement a procedure to inform long-term contract workers on the code of conduct and health and safety requirements. As part of that procedure, track which long-term employees have undergone such training.
7. Finding 13: Ensure that all relevant employees receive chemical safe handling training. Develop a means to identify which employees work with chemicals and when they received initial and update training.
8. Finding 14: Determine whether or not the local fire department will conduct a fire risk assessment at the factory. If it can, work with the local fire department to conduct the fire risk assessment. If not, obtain bids from three independent consultants for such a review. Once those bids have been received, either use one of those consultants to conduct the review, or if cost is an issue discuss with Vetta and DCM.
9. Finding 15: Revise the procedures to check the water pump fuel to ensure that it is always at adequate levels for good operation of the fire water pump. Improve cleanliness maintenance of the pump so that gauges are easily read and the pump functions properly. Review headcount allocated to health and safety to ensure that all checks and maintenance are timely.

PREVIOUS FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

The factory does not have written policies for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System.

The factory does not have complete procedures for the following Employment Functions: Recruitment, Hiring, & Personnel

Development, Wages & Benefits, Hours of Work, Industrial Relations & Freedom of Association, and Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.26, ER.27, ER.29, and ER.32)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status: Partially Remediated

Explanation: The factory still does not have a policy for Personnel Development or Industrial Relations. ER.1, ER.25, ER.29

Root Causes: The factory is not aware of the policies and procedures required by FLA Benchmarks.

2. Finding Status: Partially Remediated

Explanation: The factory still does not have complete procedures for Personnel Development or Industrial Relations. ER.1, ER.25, ER.29

Root Causes: The factory is not aware of the policies and procedures required by FLA Benchmarks.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, and ER.29)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
Develop policy and procedures for Personnel Development and Industrial Relations.
2.
Provide relevant training on the new policy and procedures to employees who are responsible for overseeing and/or carrying out the new procedures.
3.
Roll out training to workers on the new policy and procedures.

PREVIOUS FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

The factory's orientation training does not cover Human Resources policies.

The factory does not provide workers with written documentation that substantiates all the issues covered in orientation.

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, Grievance System, and Environmental Protection.

The factory does not provide ongoing training for employees on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, and Workplace Conduct & Discipline.

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, ER.15, ER.17, ER.26, and ER.27)

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Remediated

Explanation: The factory's orientation training covers human resources policies.

Root Causes: N/A

2. Finding Status: Not Remediated

Explanation: The factory does not provide workers with written documentation that substantiates all the issues covered in orientation.ER.15

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

3. Finding Status: Not Remediated

Explanation: The factory has not conducted training for supervisors on company policies and procedures. ER.17

Root Causes: The factory is not aware of the FLA requirements on supervisor training.

4. Finding Status: Not Remediated

Explanation: Regular training on Health and Safety has been conducted for all workers. However, the factory still has not provided ongoing training for employees on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, and Workplace Conduct & Discipline. ER.28

Root Causes: The factory is not aware of the FLA Workplace Code and Benchmarks.

5. Finding Status: Not Remediated

Explanation: The factory does not provide relevant HR staff with training on Workplace Conduct. ER.1

Root Causes: The factory is not aware of the FLA Workplace Code and Benchmarks.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, and ER.28)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
Develop a handout for workers that covers the material reviewed in the orientation.
2.
Conduct supervisor training on company policies and procedures on a regular basis.
3.
Expand regular worker training to include all key employment functions (recruitment/hiring/personal development, wages & benefits, hours of work, termination & retrenchment, industrial relations & freedom of association, and workplace conduct & discipline).
4.
Develop HR staff training on workplace conduct. Consider giving HR personnel the opportunity to seek external training on a variety of HR topics to provide development for them.

PREVIOUS FINDING NO.11

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

The factory does not conduct a periodic review and update of policies and procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. Some docs are not reviewed since 2009. The obsolete P&Ps are not withdrew and deleted.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.30)

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

Explanation: Although the factory has reviewed some of the policies/procedures since the previous SCI Audit, the factory does not conduct a periodic review of all the policies and procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. ER.1, ER.30.

Root Causes: The factory is not aware of the FLA Workplace Code and Benchmarks.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.30)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Establish a regular review schedule for all policies and procedures. Identify the responsible person for ensuring that the review occurs as planned. Include this responsibility in their job description to provide accountability and clarity of the importance of the process.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

The factory does not have a system to control Hours of Work in accordance with legal requirements.

Monthly overtime exceeded the legal limit of 30 hours per month and several cases (18 out of a sample of 60 records) exceeded the legal yearly overtime limit of 300 hours/year in 2014 (max 326 hours/year). There were employees who worked more than 30 hours of overtime per month in November 2014, March, April, May, June, July, September, and October 2015. Maximum monthly overtime reached 54 hours in March 2015.

Local Law or Code Requirement

Labor Code, Article 106; FLA Workplace Code (Employment Relationship Benchmarks ER.1, and ER.17; Hours of Work Benchmark HOW.1)

Recommendations for Immediate Action

1.
Ensure workers do not work more than the legal limit of 30 hours of overtime per month.
2.
Ensure workers do not work more than the legal limit of 300 hours of overtime per year.
3.
Establish a production strategy that does not include overtime as a general practice. 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:

1.
How to provide better order forecasts to the factories;
2.
Possible workshops/consultancy for the factory on how to improve productivity/quality;

3. Clear guidelines on how to extend shipment deadlines in case of contingencies;
4. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams);
5. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks;
6. Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status: Not Remediated

Explanation: The factory does not have a system to control hours of work in accordance with legal requirements. The factory only checks the daily and weekly overtime between the planned and the actual hours; there is no system to control the overtime hours to ensure that they do not exceed legal overtime requirements. ER.1, ER.17

Root Causes: The factory does not understand how to create a system to manage the overtime hours that is linked to production planning, order receiving, material planning, and quality control.

2. Finding Status: Not Remediated

Explanation: The assessors observed excessive monthly overtime in the last twelve months. The highest monthly overtime was 50.5 hours and the range was between two hours and 50.5 hours. ER.23, HOW.1.1

Root Causes: The factory does not have the system to manage overtime to meet the legal limits.

Local Law or Code Requirement

Labor Code, Article 106; FLA Workplace Code (Employment Relationship Benchmarks ER.1 , ER.17 and ER.23; Hours of Work Benchmark HOW.1)

Recommendations for Immediate Action

Establish a system to manage overtime hours to ensure workers do not work more than the legal limit of 30 hours of overtime per month.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Identify the root cause(s) of persistent excessive overtime.
2. Use the system created with Elevate/Vetta to track working hours against legal hourly requirements. Train personnel responsible for issuing overtime and managing production on how to use the system.
3. Provide Vetta Brands and DCM with monthly reporting of overtime to use for discussion on root cause.
4. From the root cause analysis develop ways to reduce excessive overtime hours (e.g. temporary workers, reorganizing production processes, etc.).

New Findings and Action Plans

NEW FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1.The factory does not have procedures for workers to report health & safety and environments problem and to protect workers who report these problems. ER.1, ER.31 2.The factory does not have SOPs for each job that are focused on performing their jobs safely. ER.3, ER.31 3.The established grievance procedure is missing a report channel to senior management for review if the direct supervisors cannot address the workers' concerns. As reported, workers raised a lot of their concerns related to the poor quality of food in the canteen, but management has never responded to these complaints. Those comments are not listed in the monthly grievance consolidation report either. ER.1, ER.25 4.The factory does not have procedures to ensure or evidence that the workers to chose their representative. FOA.11, FOA.12 5.The factory has not updated the rest time policy with the current public holidays. There are only nine public holidays instead of ten. In practice, workers are provided with the ten public holidays a year. ER.22, HOW.1 6.The factory does not have a procedure for recording working time and calibrating the time recording machine. C.5, ER.23 7. The factory has not reviewed or approved procedures on the following: leave; working in slips, trips and falls areas; for working in vibration areas; for working in spaces containing hazardous substances; for working in spaces containing asbestos; for working at heights; for working in confined spaces; the company's health & safety procedures for contractors; the company's code of conducts for contractors; and the procedures for working at loading racks. ER.1, ER.31 8.The factory has not established a blood pathogen procedure to prevent exposure. HSE.19, ER.31 9.The factory does not have a procedure to check the ventilation system in the workshops. ER.31, HSE.13 10.The factory does not have a procedure to determine how to purchase the proper PPE. ER.31 11.The factory does not have a procedure to manage the food quality, safety, or origin. The factory stated that the Labor Union is responsible for managing the canteen and foods and for conducting audits in the kitchens. However, no proof of such audits were provided for review. The factory does not have a food sampling procedure. HSE.19, HSE.22 12.The termination and retrenchment procedure does not have an effective date or a composition date. Also, it is not updated to the current legal

requirements, but follows the obsolete Decree No.44/2003/ND-CP. Moreover, the retrenchment procedure is missing detailed steps on what to do in cases of retrenchment. ER.1, ER.32 13.The factory amended the internal regulations after the last FLA assessment but did not get official approval from the labor department. The factory attached the last approval for the previous labor regulation on the amended regulation to the assessors for review. ER.1, ER.25 14.The factory does not have a reproductive health procedure. HSE.12, ER.31 15.The internal audit procedure is established but is only focused on Health & Safety issues and the factory does not keep any audit reports. ER.2, ER.31 16. The factory has a recruitment procedure but it does not include detailed steps on how to verify application information, age documentation, and to ensure non-discrimination in recruitment. ER.4, ND.2

Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.12, HSE.13, HSE.19, HSE.22; Employment Relationship Benchmarks ER.1, ER.2, ER.3, ER.4, ER.22, ER.23, ER.25, ER.31, and ER.32; Compensation Benchmark C.5; Non Discrimination Benchmark ND.2; Freedom of Association Benchmarks FOA.11 and FOA.12; Hours of Work Benchmark HOW.1)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. See CAP above: finding 7 CAP 2. and finding 8 CAP 1

2. Develop safety SOPs for each job function.

3. Revise grievance procedures to provide for visibility by senior management

to issues raised so that senior management can assess the responsiveness

of supervisors/managers, understand the concerns of workers and the

potential risks in factory operations so that appropriate measures can be

taken to address them. Provide for a tracking mechanism for grievances to

ensure that all grievances have been reviewed and addressed.

4. Provide for clear processes for workers to choose their representatives.

Such processes should be documented both in guidelines and also evidence

that they are carried out.

5. Update rest time policies with current public holidays.

6. Document the procedure for recording working time. Properly calibrate the

time recording system so that it reflects time accurately. Institute a regular recurring calibration check of the system. Document when that occurs and by whom.

7. Management to review/approve procedures on: leave; working in slips, trips and falls areas; for working in vibration areas; for working in spaces containing hazardous substances; for working in spaces containing asbestos; for working at heights; for working in confined spaces; the company's health & safety procedures for contractors; the company's code of conducts for contractors; and working at loading racks.

8. See new finding 7. CAP 2. (below) regarding blood pathogens.

9. Develop a procedure to regularly check the ventilation system in the workshops. This can be part of a regular operational check of facility systems for proper maintenance. This maintenance review should be documented and a person(s) should be identified as responsible for such reviews.

10. The factory should provide all PPE that is required. Workers should not have to provide their own PPE.

11. Maintain copies of canteen audits for at least 24 months. See new finding 10 below for other canteen requirements.

12. Update termination and retrenchment procedures to conform to current law.

Ensure that all policies and procedures reference an effective date or composition date, contain sufficient specificity on how to carry out the policy or to exercise the procedure, and are reviewed and updated regularly (e.g. annually). Also see Finding 11, CAP (above).

13. Obtain government approval on internal regulations.
14. Regarding reproductive health procedure, see finding 8, CAP 1 (above).
15. Expand internal audits to include labor and wage elements in addition to health and safety. Document the audit results and maintain them for reference.
16. In the recruitment procedure, provide greater guidance on how to verify application information (e.g., age documentation and how to ensure the process is free from discriminatory practices).

NEW FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

The factory applies an excessive amount probation time, one month, for most production workers. According to legal requirements, probation should not exceed six working days. ER.1

The factory does not keep the contract appendix and disciplinary records together with personnel files. ER.2, ER.27

The factory does not hire workers under the age of 18 even though the legal working age is 15. ND.1, ND.2, ND.4, ER.3

The recruitment staff asks workers' pregnancy status as part of the application as a condition of hiring. The factory does not hire pregnant workers. ND.1, ND.2, ND.4, ER.3

Local Law or Code Requirement

Vietnam Labor Code Art.27, Vietnam Labor Code 2013, Art 5.1; FLA Workplace Code (Nondiscrimination Benchmarks ND.1, ND.2, ND.4; Employment Relationship Benchmarks ER.1, ER.2, ER.3, and ER.27)

Recommendations for Immediate Action

1.
Ensure that the probation period is in line with legal requirements.
2.
Keep all the contract appendix and disciplinary records together with personnel files.
3.
Cease the discrimination against young workers (from 15 to 18 years old)
4.
Cease the discrimination against pregnant workers during the recruitment process. Do not ask about workers' pregnancy status on applications or in person.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
Ensure that the probation period is in line with legal requirements.
2.
Keep all the contract appendix and disciplinary records together with personnel files.
3.
Revise hiring processes to avoid possible discrimination (e.g., do not ask workers about pregnancy status, focus on skills and experience necessary for open positions). Provide updated training to employees responsible for hiring to ensure that new processes are followed.

NEW FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

The factory has not conducted the disciplinary meeting for disciplinary actions as per legal requirements and the factory regulations. ER.27, H/A.1

Local Law or Code Requirement

Decree 05/2015/ND-CP, Art 30.2; Vietnam Labor Code Art 128; FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment or Abuse Benchmarks H/A.1)

Recommendations for Immediate Action

Hold the disciplinary meeting for disciplinary actions.

COMPANY ACTION PLANS

Action Plan no 1.

Description

When instituting a disciplinary action, conduct a disciplinary meeting per legal requirements and factory regulations. Provide training to supervisors and managers that are responsible for disciplinary action on the disciplinary meeting requirements.

NEW FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

As reported by interviewed workers, one staff from the HR department tried to delay returning the termination decision letter and the insurance book to terminated or resigned workers. She told them that it would take one and a half months to issue these documents to them. If workers wanted to get these documents quicker so that they would be entitled to unemployment insurance from the social bureau in time, the workers would need to bribe her VND300,000 (\$US20). The legal timeline is 15 days. ER.1, ER.19, ER.22, ER.27, and ER.32

Local Law or Code Requirement

Law No. 27/2012/QH13, Art.53; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.19, ER.22, ER.27 and ER.32)

Recommendations for Immediate Action

Cease the bribery practice and ensure that workers' insurance books are returned according to the legal time lines.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Immediately cease any actions that delay returning the termination decision letter and insurance book to terminated or resigned workers. In no case should workers be required to pay any sums for such documents.
2. If a company policy on anti-bribery/corruption does not exist, create one and distribute it to all employees. Provide training

to all employees on the policy. As part of that training, include a discussion on how employees can raise concerns about misconduct without fear of retaliation.

3. Put in place a way to oversee that the HR department is carrying out its responsibilities in a proper and timely manner.

NEW FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

The factory applies a buffer time of more than 15 minutes and varies up to 30 minutes in the morning.
ER.23, HOW.1

The factory has not calibrated the time recording system regularly to ensure accurate time. When tested the two time recorded machines with the factory's observation, the time shown from these tested machines is different from each other. Also the factory confirmed that they do not conduct the calibration for time record machines. ER.23, HOW.1

Elderly workers work excessive regular working hours and also work overtime, violating legal requirements. ER.14, HOW.1, ER.23

The factory does not have a written procedure to monitor the pregnancy status of workers to provide them with shortened working time and related benefits from their 7th month of pregnancy. Currently, the factory tells workers that they are entitled the shortened working time, but workers have to manually track and prove their 25 weeks of pregnancy to be entitled to the shortened working hours. ER.14, ER.23

Local Law or Code Requirement

Vietnam Labor Code Art 166.2; FLA Workplace Code (Employment Relationship Benchmarks ER.14 and ER.23; Hours of Work Benchmark HOW.1)

Recommendations for Immediate Action

1.
Ensure that the buffer time is less than 15 minutes.
2.
Ensure that elderly workers are provided with shortened working hours, as legally required.
3.
Ensure that pregnant workers are provided shortened working hours starting from seventh month of pregnancy, as legally required.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
Ensure that the buffer time is less than 15 minutes.
2.
See new finding 1 CAP 6. Properly calibrate the time recording system so that it reflects time accurately.
3.
Ensure that elderly workers are provided with working hours that meet legal requirements.
4.
Ensure that pregnant workers are provided shortened working hours starting from seventh month of pregnancy, as legally required. Create and document a procedure to monitor the pregnancy status of workers so that they receive legally mandated benefits in a timely manner. Provide training on this new process to employees who are responsible for implementing it and current pregnant employees. Also incorporate this in existing training so that employees generally are aware of the new process.

NEW FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not increase wages according to the registered wage scale. C.1, C.2

The factory does not pay insurance and annual leave to probationary workers. These benefits do not take effect retroactively upon signing the contract. ER.12, ER.13, ER.22

Before July 2017, the fire- fighting team leader and vice leaders were not paid for their additional responsibilities. Since July 2017, the workers have been paid these additional responsibilities. ER.22, C.5

The prenatal check up for two of three sampled workers was not performed on their weekly rest day, while another sampled worker continued working during the rest time of the day after her prenatal check-up. Based on the factory records, this worker took her prenatal check-up but she worked on that day too. These workers should be entitled to be a full day off for pregnancy leaves. ER.14, ND.8

The factory has not included the fixed allowances, such as skills allowance, into the wages calculated for the social security contribution. C.1, C.10

The factory has not included the fixed allowances, such as skill and seniority allowances, into the wages calculated for overtime compensation. C.1, C.7

Sewing workers have to provide their own small scissors. The scissors cost about VND5,000 – 8,000 (USD0.22 – 0.35). Workers stated that only trimming workers are provided with small scissors. Also, workers provide their own masks. Workers who handle molds are not provided with safety shoes and cotton gloves. Cutting operators and workers handling carts are not provided with safety shoes. HSE.1, HSE.7

The factory arranges for workers to take annual leave during the downtime period. However, those workers who do not have annual leave balance are not paid for the downtime. Note: The factory did not deduct their attendance allowance and monthly performance allowance. HOW.13, HOW.19.2

Local Law or Code Requirement

Labor Code of Vietnam, Art. 90, Art. 93, Art. 98, Art. 159, Art 186.3; Decree 05/2015/ND-CP; Circular 23/TT/BLDTBXH; Decree 49/2013/ND-CP; Decree No. 79/2014/ND-CP On Fire Safety And Firefighting (2014), Art. 35 (3); Circular 04/2014/BLDTBXH, Art 6; FLA Workplace Code (Compensation Benchmarks C.1, C.2, C.5, C.7, and C.10; Employment Relationship Benchmarks ER.13, ER.14 and ER.22; Hours of Work Benchmarks HOW.13 and HOW.19.2; Health, Safety and Environment Benchmarks HSE.1, and HSE.7; Non-Discrimination Benchmarks ND.1, ND.3 and ND.8)

Recommendations for Immediate Action

1.
Ensure that the wage increments follow the registered wage scales.
2.
Provide the equal amount of insurance and annual leave to probationary workers, as legally required.
3.
Provide the fire-fighting team leader and vice leader with compensation for their additional responsibilities prior to July 2017.
4.
Ensure that pregnant workers are provided a compensatory rest day when their pre-natal check-up is scheduled on their rest day.
5.
Ensure that the fixed allowances, such as the skill allowance and the seniority allowance, are included in the wage calculation for social security contribution and overtime compensation.
6.
Provide workers with scissors, masks, and other equipment needed to perform their jobs.
7.
Pay workers who do not have annual leave balances for the downtime periods.

Action Plan no 1.

Description

1.
Ensure that the wage increments follow the registered wage scales.
2.
Provide the equal amount of insurance and annual leave to probationary workers, as legally required.
3.
Provide the fire-fighting team leader and vice leader with compensation for their additional responsibilities prior to July 2017.
4.
Ensure that pregnant workers are provided a compensatory rest day when their pre-natal check-up is scheduled on their rest day.
5.
Ensure that the fixed allowances, such as the skill allowance and the seniority allowance, are included in the wage calculation for social security contribution and overtime compensation.
6.
Provide workers with scissors, masks, and other equipment needed to perform their jobs.
7.
Pay workers who do not have annual leave balances for the downtime periods.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.All pallets are stored vertically instead of horizontally in Workshop A and in the new warehouse. ER.31, HSE.1

2. The factory does not include blood pathogen risks in its Health & Safety risk assessment. ER.31, HSE.1

ER.31, HSE.1

3. The scissors are not tied to working tables or machines to prevent them from falling.

The factory has not neither posts the loading capacity limit nor any visible practice to control the loadability of the shelves in the fabric and the accessory warehouses. ER.16, HSE.14

The factory keeps packed goods on the floor in the storage areas. HSE.1

Each worker brings their own electric fan into the factory because it is too hot in the working area in Workshop B due to ventilation issues. HSE.1, HSE.13

The factory has not separated the pedestrian walkways from the paths for vehicles at the main exit ways in the factory. HSE.1, ER.16

The factory does not have speed limits posted for vehicles inside of the factory. HSE.1, ER.16

The roof at the chemical storage area and the roof at the bulletin board of Workshop A are leaking. ER.31, HSE.9

Three of the five male toilets next to the fabric warehouse do not have water supplies. The toilet paper provided to workers is poor quality. HSE.19, ND.1, ND.3

Local Law or Code Requirement

Labor Code No 10/2012/QH13, Art 138; QCVN 01/2011/BCA Art 3.1; FLA Workplace Code (Employment Relationship Benchmarks ER.31; Health, Safety and Environment Benchmarks HSE.1, HSE.9, HSE.13 and HSE.19; Nondiscrimination Benchmarks ND.1 and ND.3)

Recommendations for Immediate Action

1. Ensure that blood pathogen is included in the Health & Safety risk assessment.
2.
Tie scissors to the working tables or the machines to prevent them from falling.
3.
Control the loading capacity for the shelves in the fabric and accessory warehouses.
4.
Keep packed goods off the floor in the storage areas.
5.
Improve the ventilation system in the sewing lines.
6.
Separate the pedestrian walkways from the paths for vehicles at the main exit ways in the factory.
7.
Post speed limits for vehicles inside of the factory.
8.
Ensure that the roof at the chemical storage area and at the bulletin board of Workshop A are not leaking.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
Store all pallets horizontally in Workshop A and the new warehouse.
2.
Ensure that blood pathogen is included in the Health & Safety risk assessment.
3.
Tie scissors to the working tables or the machines to prevent them from falling.
4.
Post the loading capacity of each shelf in the fabric and accessory warehouses. Control the loading capacity for the shelves in the fabric and accessory warehouses by indicating a visible maximum height limit.
5.
Keep packed goods off the floor in the storage areas.
6.
Improve the ventilation system in the sewing lines.
7.
Separate the pedestrian walkways from the paths for vehicles at the main exit ways in the factory.
8.
Post speed limits for vehicles inside of the factory.
9.

Ensure that the roof at the chemical storage area and at the bulletin board of Workshop A are not leaking.
10. Ensure that water is available at all times in the factory's toilets. Improve the quality of toilet paper.

NEW FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

20% of the fire extinguishers are blocked at the carton storage and preparation area. HSE.1, HSE.6

The exit path floor at the carton store and the preparation area is damaged, which obstructs the evacuation route. Cartons block workers in the carton preparation area. Also, the working spaces for QC workers in Workshop A are too narrow. 10% of the electric fans are out in aisles or under sewing machines. The electric fans block 10% of the workers. HSE.1, HSE.5

The factory has not equipped sprinklers in the factory. HSE.1, HSE.6

Motorbikes are blocking the assembly point in the parking area. HSE.1, HSE.6

The factory does not strictly enforce the smoking policy. The workers smoke in the fire pump area and next to the glue spraying area, where flammable fuel and glue are kept and used. There is not a "No Smoking" sign posted in the glue spraying area. The policy states that workers are not allowed to smoke inside the production buildings or warehouses. HSE.1, HSE.19

Local Law or Code Requirement

TCVN 7435-1:2004 Art. 5.4; QCVN 06:2010/BXD on Fire Safety of Buildings (2010), Art 3.3.1; Decision No. 2726/BKHCN on Fire protection equipments for building and construction, Art. 7.1; Decree 79/2014/ND-CP, Art 7.1; Labor Code No 10/2012/QH13, Art 138; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5, HSE.6 and HSE.19)

Recommendations for Immediate Action

1. Ensure that all the fire extinguishers are freely accessible.

2. Ensure that access to all workstations, aisles, and assembly points are clear at all times.
3. Equip sprinkler or automatic fire extinguishers in the factory.
4. Ensure that all assembly points are free and accessible.
5. Ensure that smoking is only done in designated smoking areas.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Ensure that all the fire extinguishers are freely accessible at all times.
2. Ensure that access to all workstations, aisles, and assembly points are clear at all times.
3. Equip sprinkler or automatic fire extinguishers in the factory per legal requirements.
4. Ensure that all assembly points are free and accessible.
5. Ensure that smoking is only done in designated smoking areas.

NEW FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

Workers are operating the button snapping machines with one hand while the double hand operation procedure is not set-up to prevent the injuries. HSE.1, HSE.14

Two welt rolling machines do not have the moving parts covered. HSE.1, HSE.14

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138; FLA Workplace Code (Health, Safety and Environment HSE.1 and HSE.14)

Recommendations for Immediate Action

1. Ensure that the button snapping machines are operating with double hand.
2. Equip covers for the moving parts of the welt rolling machines.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Ensure that the button snapping machines are operating with double hand. Provide training to workers who operate the button snapping machines on how to operate with the double hand.

2. Equip covers for the moving parts of the welt rolling machines.

NEW FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory does not note the dates for the food samples. Also, the refrigerator temperature is not maintained well for storing food samples. The observers noted that it was not cool at all. HSE.19, HSE.22

Observers noted food being place on the floor in the canteen. The canteen workers do not wear gloves, masks, hairnets, or aprons when serving food to the workers. HSE.19, HSE.22

There was a case of spoiled food that happened in the factory in August 2017, a month before the assessment, but no investigation has been conducted and no corrective actions have been taken. HSE.19, HSE.22

Local Law or Code Requirement

Decision No. 1246/QD-BYT 2017, Chapter 3, Art 4.2; Circular 30/2012/BYT Art 4; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.19 and HSE.22).

Recommendations for Immediate Action

1. Keep samples for 72 hours, provide the dates for food samples, and control the temperature of the refrigerator for food sampling storage.
2. Ensure that the food containers are not placed on the floor in the canteen and ensure that the canteen workers wear gloves, masks, hairnets, and aprons when serving food to the workers.
3. Conduct investigation and corrective actions if there was a case of spoiled food.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Keep samples for 72 hours, provide the dates for food samples, and control the temperature of the refrigerator for proper food sampling storage.
2. Ensure that the food containers are not placed on the floor in the canteen and ensure that the canteen workers wear gloves, masks, hairnets, and aprons when serving food to the workers.
3. Conduct investigation and corrective actions if there was a case of spoiled food. Identify who will be responsible for overseeing proper canteen operation, maintenance, and corrective actions. Provide training to that individual as needed so that he/she may properly carry out their responsibilities. Ensure that these responsibilities are included in their job description.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. All the first aid kits are locked and missing prescribed first aid supplies. HSE.1, HSE.6.12. The factory has not equipped the first aid place on the work floor. HSE.1, HSE.6.13. The factory has not tracked illnesses using statistical analysis according to legal requirements. ER.31, HSE.19
4. The factory has not conducted the employees' health monitoring as prescribed. ER.31, HSE.19
5. The factory has not conducted the recruitment health check and the occupational health check. HSE.1, HSE.19
6. The factory has not conducted sub-clinical health checks for specific workers as required by the doctors based on the health check records from October 2016 and March 2017. HSE.1, HSE.19

Local Law or Code Requirement

Circular No.19/2016/BYT, Art. 3, Art. 5, Art. 6, Art 14, Apendix 4; Law No. 84/2015/QH13 Art 21, Art. 77; Vietnam Labor Code, Art. 152; Health & Safety Law 2015, No. 84/2015/QH13, Art. 77.1; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.6.1, and HSE.19; Employment Relationship Benchmark ER.31)

Root Causes

1.
Unlock all first aid kits and provide prescribed first aid supplies.
2.
Equip the first aid place on the work floor.
3.
Track illnesses using statistical analysis.
4.
Monitor the employees' health as prescribed.
5.
Conduct the recruitment health check and the occupational health check.
6.
Provide the sub-clinical health check for specific workers as required by the doctors.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1.
Unlock all first aid kits and provide prescribed first aid supplies.
2.
Equip the first aid place on the work floor.
3.
Develop a method to track illnesses and use statistical analysis to inform if further investigation is needed to address working conditions or methods.
4.
Monitor the employees' health as prescribed.
5.
Conduct the recruitment health check and the occupational health check.
6.
Provide the sub-clinical health check for specific workers as required by the doctors.
7.
Identify the person(s) who will be responsible for carrying out these matters. Ensure that these responsibilities are included in their job description.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

The factory does not provide safety shoes and cotton gloves for cutting operators or workers who handle carts and molds. HSE.1, HSE.7

Broken gloves are found at the glue spraying areas. Also, there is only one set of PPE (respirator, goggles, gloves) equipped for all workers spraying glue, so workers do not use this set. HSE.1, HSE.7

The factory has not conducted a fit test for respirator users to ensure that the provided respirator fits the individual worker. HSE.1, HSE.7

The factory has not installed a shower station at the glue spraying area. HSE.1, HSE.7

The assessors observed ergonomic risks with the QC workers, the sewing workers, and the cutting workers. These risks include narrow working space, non-adjustable working space, long periods of standing, and the use of improper chairs or benches (some had back rests that were too low and some did not have any back rests or cushions). HSE.1, HSE.17

Local Law or Code Requirement

Circular 04/2014/TT-BLDTBXH Art 4; Circular 19/2016/BYT, Art 5.2; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.7)

Recommendations for Immediate Action

1.
Provide safety shoes for cutting operators and workers who handle carts and molds.
2.
Provide more sets of PPE for workers spraying glue and change gloves when broken.
3.
Conduct the fit tests for the respirator users

4. Equip a shower station at the glue spraying area.

- 5.

Provide chairs with back rests or benches with back rests and cushioning. Also provide mats for standing workers. Also, ensure adequate working space.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Provide safety shoes for cutting operators and workers who handle carts and molds.
2. Provide more sets of PPE for workers spraying glue and change gloves when broken. Develop a process for regular review of PPE to ensure that workers have sufficient access to PPE and that broken or worn out PPE is discarded.
3. Conduct the fit tests for the respirator users.
4. Equip a shower station at the glue spraying area.
5. Provide chairs with back rests or benches with back rests and cushioning. In determining which chairs are suitable, test sample chairs with workers to get their input. Also provide mats for standing workers. Also, ensure adequate working space.

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory uses repair tape to cover 10% of the electric wires and does not cover the electric wires in the chemical warehouse. HSE.1, HSE.13
2. The factory does not ground any of the sewing machines, the drilling and the grinding machines, one water dispenser, and one laser cutting machine. HSE.1, HSE.13.
3. The workers do not implement a lock out tag out program when adjusting their machines. HSE.1,HSE.13
4. The factory does not equip non-explosive proof electrical equipment in the chemical warehouse. Some machines that pose an explosion risk in the chemical warehouse include the lighting system, fans, electrical wires, sockets, etc. HSE.1, HSE.13

Local Law or Code Requirement

Vietnam Labor Code 2013, Art 138; Law No. 27/2001/QH10 on Fire Prevention and Fighting (2001), Art. 24; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1 and HSE.13)

Recommendations for Immediate Action

1. Ensure that all electric wires are connected to electrical devices properly and all electric wires are put in conduits.
2. Ensure that all the sewing machines, the drilling machines, the grinding machines, the water dispensers, and the laser cutting machines are grounded.
3. Implement a lock out tag out program when workers adjust their machines.
4. Equip non-explosive electrical equipment in the chemical warehouse.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Ensure that all electric wires are connected to electrical devices properly and all electric wires are put in conduits.
2. Ensure that all the sewing machines, the drilling machines, the grinding machines, the water dispensers, and the laser cutting machines are grounded.
3. Implement a lock out tag out program when workers adjust their machines.

4. Equip non-explosive electrical equipment in the chemical warehouse.

NEW FINDING NO.14

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory has not classified recycled and non-recycled waste. HSE.1, ER.31
2. The factory has not treated the air emissions from the laser cutting machine and the glue spraying.HSE.1, HSE.13

Local Law or Code Requirement

Law No. 55/2014/QH13, Art 68; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, andHSE.13; Employment Relationship Benchmark ER.31)

Recommendations for Immediate Action

1. Classify recycled and non-recycled waste at sources in the workshops.
2. Treat the air emission from the laser cutting machine and the glue spraying.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Classify recycled and non-recycled waste at sources in the workshops.
2. Treat air emissions from the laser cutting machine and glue spraying areas.

NEW FINDING NO.15

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

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 the decision-making processes. ER.29, ER.30

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.29, ER.30)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Develop a means to incorporate worker input/feedback in factory policies and operations. This could be through multiple means (e.g., union input, worker surveys, suggestion boxes, etc.).

NEW FINDING NO.16

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

The actual training time for the Health & Safety training in 2016 is only two to four hours while the training records show training duration being two days. All interviewed workers confirmed that they did not get the Health & Safety training in 2017 but the provided records show that there was a Health & Safety training conducted in February and in August, 2017. ER.28, HSE.14

Local Law or Code Requirement

Labor Code of Vietnam, Art 138; Decree No. 44/2016/NĐ-CP, Art. 19; FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.14; Employment Relationship Benchmark ER.28)

Recommendations for Immediate Action

Provide health and safety training to all workers annually with sufficient training time met legal requirement.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Meet with Vetta and DCM to review how the factory's health & safety training is organized, who is responsible for ensuring that it takes place, who gives the training, what is covered, and when it is offered.

2. Based on the finding, identify improvements needed in the process and update written documentation to reflect those changes.
3. Identify who will be implementing those changes and provide evidence of such implementation.