



FAIR LABOR  
ASSOCIATION®

## INDEPENDENT EXTERNAL ASSESSMENT REPORT



### Verification Assessment

COMPANIES: Yee Tung Garment Co., Ltd  
COUNTRY: Cambodia  
ASSESSMENT DATE: 10/24/17  
ASSESSOR: FLA EMEA  
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: Policies & Procedures (Macro)

##### Finding Explanation

Finding Explanation 1. There is no policy or procedure on Personnel Development. There are only minimal written policies for Recruitment & Hiring. The policies on Recruitment & Hiring lack several elements, including, a statement that the policy applies to all levels and available positions within the factory, protection for special categories of employees, and a commitment to fair and transparent Recruitment, Hiring, & Personnel Development. 2. The procedures on Recruitment & Hiring lacks of several elements, including, guidance regulating the usage of recruitment agents, information on managing promotion, demotion, and job reassignment, a prohibition against charging introduction fees from the recruited worker, a prohibition of illegal or unnecessary/improper medical/pregnancy testing, and guidance on recruitment of special categories of employees. 3. There is no policy on performance reviews that includes steps and processes, demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements. There is no system in place that allow workers to provide feedback on the results of performance evaluations. 4. The written policies on Wages & Benefits does not include a statement that the policy applies to all levels and positions, and a commitment to progressively review wages to achieve a level that meets workers' basic needs. 5. The written policies on Hours of Work lack several elements, including, a commitment to proper capacity planning with regards to the local legal limits on working hours, a prohibition of excessive working hours, a commitment to nondiscrimination, a statement that the policy applies to all levels and positions within the factory, and a commitment to transparency. The procedures on Hours of Work lack several elements, including: proper guidance on managing unusual business circumstances, criteria to determine how much overtime is allowed, and steps for workers to file complaints regarding forced overtime. 6. The written policies and procedures of Termination & Retrenchment are not adequate to properly administer issues relating to Termination or Retrenchment. 7. The factory has a policy on Freedom of Association (FOA) but not on Industrial Relations. The Freedom of Association policy does not include the right of workers to participate in strikes. The procedures on Industrial Relations & Freedom of Association are completely inadequate. 8. The policy on Workplace Conduct & Discipline is inadequate and does not include many elements that are necessary for a functional disciplinary system. Furthermore, the procedures on Workplace Conduct & Discipline are completely inadequate for a fair system of Workplace Conduct & Discipline. 9. The written procedures on Grievance System do not include detailed steps and mechanism(s) of communicating the grievance procedure and its updates to employees. In addition, the factory does not have a system in place to record grievances and related information. 10. The written procedures on Environmental Protection is inadequate and does not address significant environmental impact issues both in the factory and on the surrounding environment. 11. The written policy on Health & Safety is inadequate, and does not address significant Health and Safety issues in the factory. 12. The written policies for the Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, and Environmental Protection do not include a commitment to compliance with the FLA Workplace Code.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31, and ER.32; Health, Safety, & Environment Benchmarks HSE.1 and HSE.12; Nondiscrimination Benchmark ND.8)

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

#### 1. Finding Status: Partially Remediated

##### Explanation:

Based on management interviews and documentation review, it was found that the written policy and procedure on Personnel Development has yet to be developed and implemented for available positions. The minimal written policies for Recruitment & Hiring were reviewed and updated as the VS: 02 on October 23, 2016 and a nondiscrimination clause was added. However, the policy still lacks several elements, including, a statement that the policy applies to all levels and available positions within the factory, protection for special categories of employees, and a commitment to fair and transparent Recruitment, Hiring, & Personnel Development. [ER.28]

##### Root Causes:

The new members of management and the compliance team are not familiar with the FLA benchmarks and have a lack of knowledge and resources to develop and review the current policies and procedures.

#### 2. Finding Status: Not Remediated

##### Explanation:

Based on management interviews and documentation review, the minimal written procedure for Recruitment & Hiring was reviewed and updated as the VS: 02 on October 23, 2016. The policy still lacks several elements, including: guidance regulating the usage of recruitment agents; information on managing promotion, demotion, and job reassignment; a prohibition against charging introduction fees from the recruited worker; a prohibition of illegal or unnecessary/improper medical/pregnancy testing; and guidance on the recruitment of special categories of employees, such as the hiring of subcontracting workers. [ER.1]

##### Root Causes:

The new members of the management and the compliance team are not familiar with the FLA benchmarks and have a lack of knowledge and resources to develop and review the current policies and procedures.

#### 3. Finding Status: Not Remediated

##### Explanation:

Based on management interviews and documentation review: The policy on performance reviews that includes steps and processes, demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements has not yet been developed and implemented for all available positions. Therefore, there is no system in place that allows workers to provide feedback on the results of performance evaluations. [ER.30, ER.29]

##### Root Causes:

The new members of the management and the compliance team are not familiar with the FLA benchmarks and have a lack of knowledge and resources to develop and review the current policies and procedures.

#### 4. Finding Status: Not Remediated

##### Explanation:

Based on management interviews and documents review, the written policies on wages & benefits do not include a statement that it applies to all levels and positions or commitment to progressively review wages to achieve a level that meets workers' basic needs. [ND.8]

##### Root Causes:

The new members of the management and the compliance team are not familiar with the FLA benchmarks and have a lack of knowledge and resources to develop and review the current policies and procedures.

#### 5. Finding Status: Partially Remediated

##### Explanation:

Based on management interviews and documentation review, the written policies on hours of work were reviewed and revised on August 26, 2017. The updated policies include the following: a commitment to proper capacity planning with regards to the local legal limits on working hours; a prohibition of excessive working hours; a commitment to nondiscrimination; a statement that the policy applies to all levels and positions within the factory; and a commitment to transparency. The procedures on hours of work still lack several elements, including: proper guidance on managing unusual business circumstances e.g. a natural disaster, disease, delayed materials, political and financial and rush shipment; criteria to determine how much overtime is allowed; and steps for workers to file complaints regarding forced overtime. The policy and procedure on hours of work are combined with the policy and procedure on wages and benefits.

#### 6. Finding Status: Not Remediated

##### Explanation:

Based on management interviews and documentation review, the written policies and procedures on termination and retrenchment are not adequate to properly administer issues relating to termination or retrenchment. Although the factory revised the retrenchment procedures on December 12, 2017, the update procedures are still not adequate. The termination procedure is also not clearly defined as it is part of the disciplinary procedure to terminate the employee in case of misconduct. [ER.32]

#### Root Causes:

The new members of the management and the compliance team are not familiar with the FLA benchmarks and have a lack of knowledge and resources to develop and review the current policies and procedures.

#### 7. Finding Status: Not Remediated

##### Explanation:

Based on management interviews and documentation review, the factory still has not developed a policy on Industrial Relations, only a policy on Freedom of Association (FOA). The Freedom of Association policy does not include the right for workers to participate in strikes. The procedures on Industrial Relations & Freedom of Association are still inadequate. [ER.25]

#### Root Causes:

The new members of the management and the compliance team are not familiar with the FLA benchmarks and have a lack of knowledge and resources to develop and review the current policies and procedures.

#### 8. Finding Status: Not Remediated

##### Explanation:

Based on management interviews and documentation review, the policy on workplace conduct and discipline has not been reviewed and revised. Thus, the existing policy on workplace conduct and discipline is still inadequate and does not include many elements that are necessary for a functioning disciplinary system, such as the process for raising an appeal. Furthermore, the procedures on workplace conduct and discipline are inadequate for a fair system. For example, the procedures do not state that the worker representatives are to be involved in the development and evaluation of discipline systems. [ER.27]

#### Root Causes:

The new members of the management and the compliance team are not familiar with the FLA benchmarks and have a lack of knowledge and resources to develop and review the current policies and procedures.

#### 9. Finding Status: Remediated

##### Explanation:

Based on management interviews and documentation review, the written procedures on Grievance System were reviewed and revised on October 10, 2017. The policy mentions the detailed steps and mechanisms for communicating the grievance procedure and its updates to employees. It also outlines a system to record grievances and related information into the "complaints and suggestion log" and/or the "suggestion box weekly log."

#### 10. Finding Status: Partially Remediated

##### Explanation:

Based on a document review, the factory has developed an Environmental Protection Policy in which some basic requirements are met, such as a commitment to environmental protection and a commitment to properly manage waste water treatment. However, the environmental protection procedure still does not cover all the elements to help people understand the scope, expectations, and objectives on how to implement the environmental protection in energy saving, water saving, waste disposal handling, chemical emergency handling, and the raising of worker concerns about the environmental impact. Also, the environmental policy does not encourage workers to raise their concerns about environmental protection or protect workers who allege environmental violations. [ER.31, HSE.1]

#### Root Causes:

The factory does not have experience in developing Environmental Protection Procedures and lacks resources to promote and implement this program.

#### 11. Finding Status: Not Remediated

##### Explanation:

Based on the document review, the written policy on health and safety is still inadequate. There is confusion about the difference between a policy and procedure. [ER.31]

#### Root Causes:

The compliance team was unclear of the difference between the policy and the procedure. The compliance team developed the Health & Safety Policy and Procedure in a way they felt appropriate.

#### 12. Finding Status: Not Remediated

##### Explanation:

Based on management interviews and documentation review, the written policies for the Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, and Environmental Protection do not include a commitment to compliance with the FLA Workplace Code. [ER.1]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.27, ER.28, ER.29, ER.30, ER.31, and ER.32; Health, Safety, & Environment Benchmark HSE.1; Nondiscrimination Benchmark ND.8)

## COMPANY ACTION PLANS

### Action Plan no 1.

## Description

1. Will do. Factory will build up and update the Personnel Development policy and Recruitment & Hiring policy progressively, and include the mentioned elements in.

01/03/20 update: The factory has updated its Recruitment Policy.

See attached: 1.1 SOP11a--Recruitment Policy Vr 3

2. Will do. Factory will update the Recruitment & Hiring policy progressively, and include the mentioned elements in.

01/03/20 update: The factory has updated its Recruitment Policy.

See attached: 1.1 SOP11a--Recruitment Policy Vr 3

3. Will do. Factory will build up performance review policy and system, and improve it progressively.

4. Will do. The current Wages & Benefits policy regulates that the wage level should be compliant with the latest Cambodian Labor Law. Factory will update the policy progressively and consider adding the mentioned elements in.

06/24/2019: The mentioned elements were included in the policy. See attached SOP12 - Working Hours and Wages\_2019

5. Will do. Factory will update the Hours of Work policy progressively, and add the mentioned elements in.

06/24/2019: The mentioned elements were included in the policy. See attached SOP12 - Working Hours and Wages\_2019

6. Will do. Although the current Termination & Retrenchment policy and procedure are adequate to deal with any form of termination and retrenchment occurred so far in our factory, factory will update the policy and procedure progressively to comply with FLA standard.

7. Will do. Factory will build up and update Freedom of Association policy and Industrial Relations policy progressively, and add the mentioned elements in.

01/03/20 update: The factory has added the mentioned element in the FOA policy.

See attached: 1.7 SOP07--Freedom of Association Policy v2

8. Will do. Factory will update the Workplace Conduct & Discipline policy progressively, and add the mentioned elements in.

01/30/20 update: The factory has added the sentence " the worker representatives are to be involved in the development and evaluation of discipline systems" in the policy to ensure this policy is in a fair system and added Appeal Procedure.

See attached: 1.8 SOP13-- Disciplinary Procedures v2

9. Will do. Factory will update the Environmental Protection procedure progressively, and add the mentioned elements in.

10. Will do. Factory will update the Health & Safety policy and procedure progressively.

06/24/2019: The H&S policy were updated. See attached SOP16--Health & Safety Policy 2019

11. Will do. Factory will add the statement to the policies for the Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.

01/03/20 update: The factory has added a commitment to compliance with FLA workplace code in termination policy, disciplinary procedure, and grievance procedure.

See attached:

1.8 SOP13-- Disciplinary Procedures v2

1.12 SOP33-Employee Grievance Procedure v5

Completion date:

1. 12/31/2019

2. 12/31/2019

3. N/A

4. 06/22/2019

5. 06/22/2019

6. N/A

7. N/A

8. 12/31/2019

9. N/A

10. 05/16/2019

11. N/A

Company Action Plan Update

6. The factory has updated its Termination Policy which clearly defined it is part of the disciplinary procedure to terminate the employee in case of misconduct in point 1.

See attached: #1.6\_Termination policy v3

7. The factory has developed Industrial Relations policy.

See attached: #1.7\_SOP17\_Industrial Relationship Policy

9. The factory has developed its Environmental Policy and EMS Policy.

See attached:

#1.10\_EMS Policy

#1.10\_Environmental Policy

#1.10\_Energy saving - light tubes application

#1.10\_Motor Application

11. The factory has added a commitment to compliance with FLA workplace code in Environmental Policy.

See attached: #1.10\_Environmental Policy

## PREVIOUS FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. The factory does not provide specific training for all relevant supervisors on the following Employment Functions: Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. 2. 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, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. 3. The factory does not adequately train the employees at the wastewater plant; the training did not include the procedure on dealing with the potential risks and emergencies on the daily operation and the procedure of daily maintenance of facility at the wastewater plant; it also did not include the training on the measure in addressing the test results which above the established limits. 4. The factory does not provide workers with training on proper lifting techniques. In addition, the factory does not provide any lifting belts to applicable workers. 5. The factory does not provide specific training Health & Safety training for staff and employees working in dormitories, the canteen, the childcare area, and the health clinic. 6. The factory does not provide all workers with written documentation that substantiates all the issues covered in orientation. 7. The factory does not provide ongoing training on workplace standards and Code of Conduct.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.26, and ER.27; Health, Safety & Environment Benchmark HSE.17)

##### Recommendations for Immediate Action

1. Provide eligible workers with lifting belts as proper Personal Protective Equipment (PPE).

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status: Partially Remediated

##### Explanation:

Based on the training plan, the training records, and management interviews, the factory does not provide specific training for all 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 only training provided was on Worldwide Responsible Accredited Production (WRAP):12 principles, which all supervisors received on August 18, 2017. This training does not cover the FLA Workplace Standards and Code of Conduct.

[ER.15, ER.17, ER.1]

##### Root Causes:

The new members of the management and the compliance team are not familiar with the FLA benchmarks and lacks the resources to provide on-going trainings. Also, there is no formal train-of-trainer (TOT) program in place



and the factory always has busy production schedules.

## 2. Finding Status: Partially Remediated

### Explanation:

Based on training plans, training records, and management interviews, the factory does not provide sufficient ongoing training to employees 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 only on-going training provided was on the following (none of the below cover the FLA Workplace standards and Code of Conduct, except the Yee Tung Code of Conduct training which covers part of the FLA Workplace standards):

The Worldwide Responsible Accredited Production (WRAP):12 principles to select employees in each department on August 21, 2017

The Yee Tung Code of Conduct on October 19, 2017

The Work Place Cooperate on December 16, 2016, which are not covered on FLA Workplace standards and Code of Conduct. [ER.1]

### Root Causes:

The new members of management and compliance team are not familiar with the FLA benchmarks and lack of lacks the manpower and resources to provide on-going training. There is no formal train-of-trainer (TOT) program in place, as well as the factory has always busy production schedules

## 3. Finding Status: Partially Remediated

### Explanation:

As per the management interviewed and documents reviewed,

The person in charge of the Waste Water Treatment Plant (WWP) has been trained by the factory maintenance leader but there is no record to verify that training.

The factory has developed the operation procedure for this WWP. However, the procedure is in English instead of Chinese and Khmer, so it might be difficult for local staff to clearly understand how to operate the system appropriately. Additionally, this procedure does not include information about what to do in the case of an emergency or in the event of a system break down.

Based on management interviews and document review, the factory has signed an outsource service contract with the Service Company, Karona Service Co.,Ltd, to assign one contracted person to be in charge of operating the WWP. However, this person is not qualified to be a WWP technician or engineer. This service provider also provided cleaning and maintenance services. Based on management information, the factory is still looking for qualified personnel to be in charge of the WWP. [ER.1]

### Root Causes:

The factory did not yet communicate with the consultant to support for the development of the proper operation procedure for the WWP. According to management, the factory plans to complete this requirement in March 2018. The factory considers the task of being in charge of operating the WWP to be a simple and easy task, therefore employing a trained technician or an engineer is not necessary. Additionally, this person only needs to follow the flow chart instructions posted on the WWP control room to operate the system. Moreover, this person's daily performance is monitored and supported by the maintenance leader (the maintenance leader had been trained by the WW Treatment service provider when they come to monitor and perform the service on the system. This is a type of on the job training and he trained back to this person in charge). However, management shared that they are aiming to employ a qualified person to be in charge of operating this WWP. Management stated that they do not have a definite timeline, as they are waiting for advice from a consultant.

## 4. Finding Status: Partially Remediated

### Explanation:

Based on management interviews, the factory provided a training on lifting techniques for the fabric warehouse, the finished goods warehouse, and the carton packing workers. However, the training records dated June 26, 2017, did not clearly defined what the specific training was, and instead only showed the general health and safety training. Also, the factory has not yet provided lifting belts to the workers whose jobs involve heavy lifting. [HSE.7, HSE.8]

### Root Causes:

The factory was not aware that the training records should be separated and recorded specifically by each work aspect.

The factory has ordered lifting belts and are waiting for them to be delivered. The purchase order was provided for reference.

## 5. Finding Status: Remediated

### Explanation:

Based on the review of documents dated October 02, 2017, part of the heavy lifting training was provided to the kitchen and dormitory staff. Other safety training records, dated March 04, 2017, included food handling, infection control, and hygiene and this training was provided the kitchen, canteen, childcare, health clinic, and dormitory staff. The general health and safety training also including information on PPE and sharp tool control.

## 6. Finding Status: Not Remediated

### Explanation:

Based on management interviews and document reviews, the factory has still not provided all workers with written documentation that substantiates all the issues covered in orientation. The only records that were provided were

signatures of participants in a general safety training during the orientation program. [ER.15.3]

Root Causes:

The new members of management and the compliance team are not familiar with the FLA benchmarks and lack the resources to develop the documentation that substantiates all the issues covered in orientation.

7. Finding Status: Partially Remediated

Explanation:

Based on the training plan, the training records reviewed, and management interviews, the on-going training is provided only on the Worldwide Responsible Accredited Production (WRAP):12 principles to all Supervisors on August 18, 2017, which does not cover the FLA Workplace standards and Code of Conduct. [ER.1]Root Causes: The new members of management and the compliance team are not familiar with the FLA benchmarks and lack the resources to provide on-going training. Also, there is no formal train-of-trainer (TOT) program in place and the factory always has busy production schedules.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.15.3, and ER.17; Health, Safety & Environment Benchmarks HSE.7, and HSE.8)

Recommendations for Immediate Action

1. Provide eligible workers with lifting belts as proper Personal Protective Equipment (PPE).

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. Will do. Factory has conducted grievance procedure training to the supervisors on March 2018. Factory will arrange the other topics training to the supervisors continuously. See attached - #2-1. Grievance Procedure Management Training Record20180301

06/24/2019: The factory has made a Yee Tung Code of Conduct and Grievance Procedure training plan, which aims to provide the training for 100% employees including supervisors by the end of 2019. Yee Tung Code of Conduct and Grievance Procedure training would cover all the mentioned topics and be consistent with FLA Workplace Standards and Code of Conduct. See attached Yee Tung Code of Conduct and Grievance Training Plan - EG 061719

01/21/2020: We had conducted Yee Tung CoC training to the supervisors in Dec 2019. It covered all employment functions, which complies with FLA workplace standards and CoC. We will keep provide refresh training to the supervisors at least one a year. See attached #2.1 Yee Tung CoC training - EG 120319

2. <!--[endif]-->Will do. Actually, all the employment functions are included in factory internal regulations and Yee Tung Code of Conduct. Factory will update internal regulations to comply with FLA standards, and hold the training of the updated policies to the employees. And factory will keep providing refresh training of Yee Tung Code of Conduct to the employees.

06/24/2019: The factory has provided a refresher training of Yee Tung Code of Conduct to the employees on 12/4/2018. See attached CoC Training 2018.12.04

01/03/20 update: The factory has provided COC training to the workers on 30 July 2019, and specific grievance training to the workers on 24 Aug 2019.

See attached: 2.2 Grievance Handling Procedure Training Minutes\_2019.08.24

2.2 YT COC Training Summary\_20190730

3. <!--[endif]-->Will do.

- a. The factory maintenance leader will provide refresh training to the person in charge of the waste water treatment plant. And factory will make the training record and keep for review.
- b. <!--[endif]-->Factory is still working on waste water treatment plant operation procedure and adding the mentioned elements in. Once complete, factory will translate it into Chinese and Khmer for staff easily understanding.
- c. <!--[endif]-->Factory is still looking for a qualified person to be in charge of the waste water treatment plant.
4. <!--[endif]-->Will do. Lifting belts have arrived and will be distributed to employees needing them. Training for employees lifting heavy goods will be conducted in Dec 2018.

06/24/2019: The ergonomic training were conducted for carton packing workers, finished good warehouse workers, and fabric warehouse workers on 10/31/2018. See attached TS CP\_Manual Handling & Lifting Techniques Training 20181031; TS FGW\_Manual Handling & Lifting Techniques Training 20181031; TS FW\_Manual Handling & Lifting Techniques Training 20181031

5. Done. The factory currently provides orientation training material to its workers.
6. Will do. Factory will update the internal regulations to comply with FLA standards. Once complete, factory will hold the training of the updated policies to the employees. And factory will keep providing Yee Tung Code of Conduct training to the employees. 06/24/2019: The factory has provided a refresh training of Yee Tung Code of Conduct to the employees on 12/4/2018. See attached CoC Training 2018.12.04 01/03/20 update. The factory has provided COC training to the workers on 30 July 2019, and specific grievance training to the workers on 24 Aug 2019. See attached: 2.2 Grievance Handling Procedure Training Minutes\_2019.08.24 2.2 YF COC Training Summary\_20190730

Completion date:

1. 01/21/2020
2. <!--[endif]-->N/A
3. <!--[endif]-->N/A
4. <!--[endif]-->10/31/2018
5. <!--[endif]-->06/30/2018
6. <!--[endif]-->N/A

## PREVIOUS FINDING NO.3

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. From January to September 2015, the factory suspended its work several times due to a lack of orders and seasonal factors. The work suspension usually lasted a few days, such as from January 12, 2015 to January 17, 2015. Although the factory obtained written consent from all workers, and paid the workers 50% of their normal wages, the factory failed to notify the Ministry of Labor of this arrangement. The factory only notified the Ministry of Labor of a possible work suspension for October and November 2015 on September 29, 2015.

#### Local Law or Code Requirement

Cambodian Labor Code, Article 71 (11); FLA Workplace Code (Hours of Work Benchmark HOW.19)

#### Recommendations for Immediate Action

1. Notify the Ministry of Labor of work stoppages, as per legal requirements. 2. Maintain the current practice of paying workers at least 50% of wages; in the event that full payment is required by the Ministry of Labor, pay workers 100% of wages.

## VERIFICATION RESULT

### Finding Status

Partially Remediated

### Remediation Details

1. Finding Status: Partially Remediated

#### Explanation:

The factory obtained the suspension permit from the Ministry of Labor, which allowed work suspensions from January to February and March to April 2017 with 50% compensation to the workers due to the low production season. The factory implemented two to seven continuous days suspensions for workers in different departments. However, the legal requirement is that no worker's work suspension is longer than two months. Based on the factory's suspension permit, which is four months total, the factory does not have a system to ensure that no workers have been suspended from work for more than two months. Based on the random sample reviewed and management interviews, there were no cases of suspensions greater than two months. HOW.19

#### Root Causes:

There is a lack of a system to check whether workers were suspended for more than two months as legally required.

### Local Law or Code Requirement

Cambodia Labor Law, Section 2, Suspension of the labor contract Article 71; FLA Workplace Code (Hours of Work Benchmark HOW.19)

### Recommendations for Immediate Action

1. Notify the Ministry of Labor of work stoppages, as per legal requirements.
2. Maintain the current practice of paying workers at least 50% of wages; in the event that full payment is required by the Ministry of Labor, pay workers 100% of wages.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Will do. As factory just implemented two to seven continuous days suspensions, so there was no opportunity to let any worker's suspension be longer than two months. So factory will keep the practice when the total suspension is less than two months. However, when more than two months work suspension needed, factory will count every worker's planned and actual suspension days to ensure no one has more than two months suspension.

## PREVIOUS FINDING NO.4

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Compensation

#### Finding Explanation

1. The factory currently provides two paid 30-minutes breastfeeding breaks to workers (total one hour) on a daily basis in order to comply with local law. Workers need to register at the HR department before enjoying this benefit. However, based on the name list provided and worker interviews, only those workers who have been working for a long time at the facility are registered at the HR department. The breastfeeding list did not include any new nursing workers with babies younger than 12 months old. Some new workers were not aware of the procedure for getting this legally mandated benefit.

#### Local Law or Code Requirement

Cambodian Labor Law, Articles 184 and 185, FLA Workplace Code (Employment Relationship Benchmark ER.14; Compensation Benchmarks C.1 and C.5)

#### Recommendations for Immediate Action

1. Adopt practices and controls to ensure that all eligible workers are provided with proper paid breastfeeding breaks. Properly communicate to new workers regarding the breastfeeding benefit, and the procedure to use these benefits.

2. Establish a proactive system to ensure new workers who have babies less than 12 months old are included on the list of workers entitled to breastfeeding breaks, instead of waiting for the new workers to register at the HR department.

## VERIFICATION RESULT

### Finding Status

Remediated

### Remediation Details

#### Explanation:

The factory currently provides two paid 30-minute breastfeeding breaks to workers on a daily basis to comply with the local law. The workers need to register with the HR department before enjoying this benefit. Based on the name list provided and worker interviews, the breastfeeding list includes all nursing workers with babies younger than 12 months old. The new female workers understand the procedure to receive this legally mandated benefit.

## PREVIOUS FINDING NO.5

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Hours of Work

#### Finding Explanation

1. Records showed that approximately 35% of sampled workers work more than 60 hours, mainly during the peak season from May to Nov. 2015. The maximum weekly working hours was 72 hours a week, in the week of Nov. 10 to Nov. 16, 2015. The maximum night overtime hours was four hours during these periods, Nov. 2015 for 14 of the 40 sampled workers. 2. Around 25% of 40 sampled workers were occasionally not given one rest day in each seven-day period during the peak season. For example, one worker worked for 13 consecutive days, from Nov 7, 2015 to Nov 19, 2015.

#### Local Law or Code Requirement

Cambodian Labor Code, Articles 137 to 148; FLA Workplace Code (Hours of Work Benchmarks HOW.1 and HOW.2)

#### Recommendations for Immediate Action

1. Adjust production planning and capacity planning to only include regular working hours.
2. Ensure that workers do not work more than 60 hours per week, including overtime, as per FLA Workplace Code of Conduct.
3. Ensure that workers do not work more than the daily legal overtime limit of two hours per day.
4. Ensure that all workers receive a rest day for every seven-day period.

## VERIFICATION RESULT

### Remediation Details

1. Finding Status: Not Remediated

#### Explanation:

Worker interviews stated that there is occasional excessive overtime, particular during the peak months between June and October. The randomly selected workers' attendance records from April to September 2017 showed that around 34% of the 240 sampled workers worked more than 60 hours, mainly between June and October. The maximum weekly working hours was 76 hours, which occurred during the week of July 10-16, 2017 for the night shift in the computer knitting section. [HOW.1, HOW.6, HOW.8, ER.24]

#### Root Causes:

1. Buyers constantly put in urgent additional orders during the production process, which results in short production lead times and late material preparation.

2. The production capacity planning schedule includes overtime hours.
3. Based on assessor analysis and comparing to contract workers, this group of workers have relatively low productivity rates and require a long time to be trained.
4. Cambodia has a high number of holidays and annual leave so there are a lower number of working days in certain months during the peak season.
5. The order placements from different buyers are seasonal and fluctuate, particularly for the knitted items.

## 2. Finding Status: Not Remediated

### Explanation:

Worker interviews reported that there was occasional Sunday working, particular during the peak months. The randomly selected worker attendance records from April to September 2017 showed that around 17% of the 240 sampled workers were occasionally not given one rest day in each seven-day period during the peak season. These workers worked between seven and 20 consecutive days during this time. [HOW.2]

### Root Causes:

1. Buyers constantly put in urgent additional orders during the production process, which results in short production lead times and late material preparation.
2. The production capacity planning schedule includes overtime hours.
3. Workers have relatively low productivity rates and require a long time to be trained.
4. Cambodia has a high number of holidays and annual leave so there are a lower number of working days in certain months during the peak season.

### Local Law or Code Requirement

Cambodian Labor Code, Articles 137 to 148; FLA Workplace Code (Hours of Work Benchmarks HOW.1, HOW.2, HOW.6, HOW.8; Employment Relationship Benchmark ER.24)

### Recommendations for Immediate Action

1. Adjust production planning and capacity planning to only include regular working hours.
2. Ensure that workers do not work more than 60 hours per week, including overtime, as per FLA Workplace Code of Conduct.
3. Ensure that workers do not work more than the daily legal overtime limit of two hours per day.
4. Ensure that all workers receive a rest day for every seven-day period.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. Factory will control the working hrs via updating the Hours of Work policy, providing the working hrs management training to the management and supervisors, improving workers working efficiency, and building close relationship with material suppliers and buyers (proper material delivery time and finished goods shipping date can be given). Factory will reduce the working hours continuously to limit the weekly working hrs within 60 hrs. 11/27/2019: Our group has done 5W1H analysis for the excessive OT (including 7th day work), which would be the guideline for us to correct this issue. So far, we have taken actions as below: 1. HK compliance conducted responsible production training to all HK staff in March 2019. Based on the training evaluation results, almost all staff have well awareness and understanding on it. 2. Factory admin manager committed that factory would comply with group responsible production policy and procedure. 3. Factory has updated its working hrs improvement plan within 2 year (until Dec 2021). 4. HK compliance collect factory monthly working hrs summary report for tracking. In 2019 (until Sep), T-shirt production controls weekly working hours within 70 hrs, and sweater production controls weekly working hours within 72 hrs. See attached: 1. Endorsement of Updated Responsible Production Manual (EG) 1. Head quarter responsible production training records 1. Use of 5W 1H method in improvement of excessive OT and no rest day 1. Working Hours Improvement Plan (FLA) - EG revised 101419 1. Year 2019 Working Hrs Trend 2. Will do. Factory will control the working hrs via updating the Hours of Work policy, providing the working hrs management training to the management and supervisors, improving workers working efficiency, and building close relationship with material suppliers and buyers (proper material delivery time and finished goods shipping date can be given). Factory will reduce the working hours continuously to let all workers entitle to have one day off in seven days. 11/27/2019: Our group has done 5W1H analysis for the excessive OT (including 7th day work), which would be the guideline for us to correct this issue. So far, we have taken actions as below: 1. HK compliance conducted responsible production training to all HK staff in March 2019. Based on the training evaluation results, almost all staff have well awareness and understanding on it. 2. Factory admin manager committed that factory would comply with group responsible production policy and procedure. 3. Factory has updated its working hrs improvement plan within 2 year (until Dec 2021). 4. HK compliance collect factory monthly working hrs summary report for tracking. In 2019 (until Sep), T-shirt production can provide 7th day rest, and sweater production's max consecutive working days is 13 days. See attached: 1. Endorsement of Updated Responsible Production Manual (EG) 1. Head quarter responsible production training records 1. Use of 5W 1H method in improvement of excessive OT and no rest day 1. Working Hours Improvement Plan (FLA) - EG revised 101419 1. Year 2019 Working Hrs Trend

## IMMEDIATE ACTION REQUIRED

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

#### Finding Explanation

1. The factory does not have an effective system to monitor the condition of the subcontracted workers, such as workers from the labor subcontracting companies and the security company. The factory has around 190 subcontracted workers, including 40 security guards and workers in the carton packing, cutting, warehouse, inspection, ironing, and repair departments. The factory pays wages to subcontracting companies instead of paying them directly to the workers. The workers do not have a direct employment relationship with the factory as they sign contracts with the subcontracting company and are paid by the subcontracting company. There is no effective system, such as a regular audit, to ensure that the conditions for these subcontracted workers, are compliant with the FLA Workplace Code and Benchmarks. 2. The assessment team did not have access to personnel files of subcontracted workers, such as payroll records that the subcontracting company paid to the subcontracted workers. The assessors only had limited access to payroll records that the factory paid to the subcontracting company but not to the workers themselves. Thus, compensation and workers' legally entitled benefits could not be accurately verified. 3. Currently only 2753 out of 2913 workers employed by the facility have an employment book, which is a legal required document for workers, registered at the labor bureau. In addition. The assessment team was not able to accurately verify the status of employment books for the subcontracting workers as these employment books are kept with the subcontracting company. 4. Only 2857 out of 2913 workers have the legally required pre-employment health check. In addition, assessors could not verify if the pre-employment health check was provided to subcontracted workers, since they did not have full access to the personnel files kept by the subcontracting companies.

#### Recommendations for Immediate Action

1. Provide all workers with the legally required employment book and the legally required pre-employment health check, including subcontracting workers.
2. Establish an effective system to monitor compliance with the FLA code and prevailing legislation for subcontracted workers, including the status of wages & benefits, legal minimum wage, social security provision, and working hours.
3. Engage with all subcontracting companies in advance to provide assessment teams with full access to personnel files and actual payroll and benefits related records for subcontracted workers.

## VERIFICATION RESULT

#### Remediation Details

##### 1. Finding Status: Not Remediated

Explanation: Three subcontracting companies provide workers to work in the factory: Safety Care Service Co., Ltd has 45 security guards working in three shifts.

- Ever Plus Green Star Service Co., Ltd has 34 workers in the different production departments.
- Karona Service Co., Ltd has 45 cleaners and 18 workers in the wastewater treatment, boiler, ironing, and electric sections.

The factory has yet to set up an effective system, such as a regular audit, to ensure that the conditions for these subcontracted workers are compliant with the FLA Workplace Code and Benchmarks. These subcontractors are not provided the following benefits: no National Social Security Found (NSSF), no transportation/housing fee, no seniority, no attendant bonus, no annual leave, and no severance payment (5%) was provided at the end of their fixed-duration contract. [ER.6, ER.8, ER.9]

##### Root Causes:

1. The factory management is not aware of the need to monitor workers from the subcontracting companies.
2. Many of the work positions are short term, and the subcontracting company is better equipped to manage the workforce required for these short-term positions.
3. The factory pays the wages to the subcontracting company instead of directly to the workers.

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

Explanation: Based on document review, the factory maintains the personnel files of the subcontracted workers from Ever Plus and Karona service, such as the attendance and the payroll records that the subcontracting company paid to the subcontracted workers. Safety Care Service Co. keeps the security guard attendance records. Therefore, working hours linking to compensation and workers' legally entitled benefits could not be accurately verified. [ER.11]

##### Root Causes:



1. The factory management is not aware of the need to monitor workers from the subcontracting companies.
2. Many of the work positions are short term, and the subcontracting company is better equipped to manage the workforce required for these short-term positions.
3. The factory pays the wages to the subcontracting company instead of directly to the workers.

#### 3. Finding Status: Not Remediated

Explanation: 95 new workers who have been hired directly by the factory have not been issued their employment books by the labor bureau. Also, the subcontracting company keeps the subcontracted workers' employment books so the assessment team was not able to accurately verify the status of employment books for these subcontracting workers. [ER.6]

#### Root Causes:

1. The ministry of the labor informed the factory that they have run out of employment books and cannot issue any new ones for two months. Therefore, the factory cannot issue any new ones.

#### 4. Finding Status: Not Remediated

Explanation: Currently, 43 out of 95 new workers, who were hired directly by the factory, have not yet conducted the pre-employment health check. In addition, assessors could not verify if the pre-employment health check was provided to subcontracted workers, since the subcontracting companies keep the original subcontracting workers' personnel files. [ER.6]

#### Root Causes:

1. The new workers join the factory during the peak season. Therefore, the factory is quite busy and unable to slow work down to take the new workers to undergo the pre-employment health check.

#### Local Law or Code Requirement

Cambodian Labor Code, Articles 10 and 161, Article 32, 37, 261; Prakas 09/94; FLA Workplace Code (Employment Relationship Benchmarks ER.6, ER.8, ER.9, ER.11)

#### Recommendations for Immediate Action

1. Establish an effective system to monitor compliance with the FLA code and prevailing legislation for subcontracted workers, including the status of wages & benefits, legal minimum wage, social security provision, and working hours.
2. Engage with all subcontracting companies in advance to provide assessment teams with full access to personnel files and actual payroll and benefits related records for subcontracted workers.
3. Provide all workers, including subcontracting workers, with the legally required employment book.
4. Provide the legally required pre-employment health check to all new workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. The factory has stopped working with Everplus, leaving only Karona and the Security company as current subcontractors. The factory has also committed to stop working with Karona by the end of 2018. It will rehire all current Karona employees working in the factory gradually. For the current two subcontracting companies, factory will require them to provide copies of workers personnel files and employment books, and monthly attendance and payroll for our record and verification. And factory will assign compliance staff to conduct regular audit for the subcontracting companies and follow up the corrective action plan to ensure the conditions are compliant with FLA workplace code and benchmarks. 2. Will do. Currently, only Safety Care Service Co., Ltd and Karona Service Co., Ltd are used by the factory. Ever Plus Green Star Service Co., Ltd workers were no longer in the factory. Approximately 30 workers from Ever Plus Green Star Service Co., Ltd who worked in E Garment are still working in their positions in E Garment and employed directly by E Garment. The factory has also committed to stop working with Karona by the end of 2018. It will rehire all current Karona employees working in the factory gradually. For the current two subcontracting companies, factory will require them to provide the attendance and payroll monthly for our record and verification. 3. Will do. As of July 2018, the factory has required all new employees to apply for a labor book themselves and be reimbursed later on. As of July 31, all new employees have now received labor books from the Ministry of Labor. For the subcontracting companies (Safety Care Service Co., Ltd and Karona Service Co., Ltd), factory will require them to provide the copies of workers employment books for our record. 4. Will do. All new workers are now required to conduct health checks on their own before beginning employment. They are also reimbursed for expenses incurred for health checks at the start of their employment. For the subcontracting companies (Safety Care Service Co., Ltd and Karona Service Co., Ltd), factory will require them to provide the copies of workers personnel files for our record.

## PREVIOUS FINDING NO.7

## IMMEDIATE ACTION REQUIRED



## FINDING TYPE: Recruitment, Hiring & Personnel Development

### Finding Explanation

1. The factory engaged the subcontracting company Everplus to get male workers to work certain positions in the facilities, such as those workers in ironing, cutting, and final inspection, quality control, and packing. The facility did not employ any male production workers directly and all production workers being employed directly were females. There were 2 male staff members being employed as Quality Assurance Staff QA and Merchandizer for the past 12 months based on the records and information provided. Thus, all sewing workers who are female and permanent workers are directly hired by the factory, whereas all male workers are hired by subcontracting agencies for specific positions as listed before, posing a potential risk for discrimination.

### Local Law or Code Requirement

Cambodian Labor Code, Article 12; FLA Workplace Code (Employment Relationship Benchmarks ER.3; NonDiscrimination Benchmarks ND.1 and ND.2)

### Recommendations for Immediate Action

1. Cease the practice of not directly employing male production workers and ensure that there are equal job opportunities and arrangements available for both male and female workers, including those workers employed by the subcontracting company.

2. Provide training and guidance documents to subcontracting companies on non-discrimination and ensure that they follow the factory's procedures on hiring. Establish a non-discriminatory clause in the contract between the factory and the subcontractor under which the subcontracting companies have to comply with the factories' regulations. Regularly train and communicate to supervisors and hiring staff on nondiscrimination during the hiring process.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Not Remediated

Explanation: The subcontracting company, Everplus, only hired males between May 2016 and October 2017 to work in the T-Repair, the T-Warehouse, the T-Carton, the Packing, the T-Cutting, the T-Sport Cleaning, the T-Ironing, the Washing, the S-Warehouse, the Pre-inspection, the S-Packing, and the S-Linking sections. The factory's employee records stated that the factory did not employ any male production workers directly and all directly employed production workers were females from January to October 2017. Thus, the factory directly hires female workers in the sewing, the linking, the cutting, and the ironing departments, whereas subcontracting agencies hire male workers for the specific positions listed above, posing a potential risk for discrimination.

Furthermore, interviews with male workers indicated that the factory would not hire male workers. The subcontracting company employed the interviewed male workers, so they never applied to work at EG. Management said that the factory did not hire any new male workers because no male workers had applied for a job. [ER.3, ND.1, ND.2]

Root Causes:

1. The factory management is not aware of the potential risk of discrimination in getting only male workers from the subcontracting company.
2. Female workers are traditionally the largest employee group in the garment industry in Cambodia. There are usually more experienced female workers applying to positions compared to the male workers.
3. The assessor notes that it is common practice in Cambodia for male workers to be perceived as troublesome and difficult to manage. Using a subcontracting agency enables the factory to terminate these workers' employment and only pay the services fee to the subcontracting company.

### Local Law or Code Requirement

Cambodian Labor Code, Article 12; FLA Workplace Code (Employment Relationship Benchmarks ER.3; Nondiscrimination Benchmarks ND.1 and ND.2)

### Recommendations for Immediate Action

1. Cease the practice of not directly employing male production workers and ensure that there are equal opportunities and arrangements for both male and female workers, including those workers employed by the subcontracting company.
2. Provide training and guidance documents to subcontracting companies on non-discrimination and ensure that they follow the factory's procedures on hiring. Establish a non-discriminatory clause in the contract between the factory and the subcontractor under which the subcontracting companies have to comply with the factories' regulations. Regularly train and communicate to supervisors and hiring staff on non-discrimination during the hiring process.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Done. The factory has changed its hiring practice and welcomes all applicants, male and female, to apply for vacancies in the factory. It has also stopped working with Ever Plus Green Star Service Co., Ltd and re-employed all workers previously working in Everplus directly without using an agent and conduct orientation training for them. The factory has also received new employees who are male and have not previously worked in Everplus as well. Factory will keep treating the female and male applicants equally and employ applicants depending solely on each's working experience, capability, and efficiency during recruiting. The requirement is also applied to our subcontracting companies.

## PREVIOUS FINDING NO.8

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. Security guards (same gender as the workers) conduct a pat down search when workers go to washrooms and leave the factory at the end of their shifts. The factory management stated that this practice is used to prevent workers from stealing garments. 2. Chinese line leaders and supervisory staff from China tell workers in the sewing department that they will pose a monetary deduction (KHR 500, USD 0.13) for workers that do not wear the required headwear. However, based on interviews with workers, Chinese line leaders, supervisory staff, and management and records, there have been no actual cases of monetary deduction. 3. There is no system in place for workers to appeal disciplinary actions taken against them.

#### Local Law or Code Requirement

Cambodian Labor Code, Articles 28, 44, 126, and 127; FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment or Abuse Benchmarks H/A.1, H/A.2, and H/A.10)

#### Recommendations for Immediate Action

1. Discontinue the practice of pat down searches. Body and pat-down searches should only be undertaken when there is a legitimate reason to do so and with the specific permission of civil authorities.

2. Enhance the training for Chinese Supervisors on Workplace Conduct & Discipline and ensure that no monetary fines are used at the facility. Regularly train and communicate workers on proper disciplinary procedures and communicate them that no monetary fines will be posed as a measure to discipline. Instead use positive incentives for the use of Personal Protective Equipment.

## VERIFICATION RESULT

#### Finding Status

Not Remediated

## Remediation Details

### 1. Finding Status: Not Remediated

Explanation: The security guards (same gender as the workers) still conduct pat down searches when workers go to the washrooms and leave the factory at the end of their shift. The factory management stated that this practice is used to prevent workers from stealing garments. [H/A.10]

Root Causes:

1. In Cambodia, it is common practice to conduct pat down searches to prevent garment thefts.
2. The new factory management is not aware of the relevant FLA benchmarks.

### 2. Finding Status: Remediated

Explanation: Based on management interviews, the Chinese line leaders and supervisory staff were trained on the workplace conduct and grievance procedure on October 11, 2017, and confirmed that the factory does not allow fining workers as a disciplinary rule and that the disciplinary action must follow the factory disciplinary procedure. The Chinese line leader, the supervisory staffs, and the workers confirmed that there were no cases of monetary fines.

### 3. Finding Status: Partially Remediated

Explanation: The disciplinary procedure mentions the ability to appeal a disciplinary action. However, the procedure does not specify how to raise that appeal. [ER.27]

Root Causes: The new members of management and the compliance team are not familiar with the FLA benchmarks and lack the resources to develop a system for workers to appeal disciplinary actions taken against them.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Done. Pat down search is only allowed to be conducted towards the persons who carrying bags or seem like carrying suspicious materials on their body to prevent the theft and keep the security level of the whole facility and employees. In addition, factory will continuously inform the workers about their rights to report to the HR if they feel any inappropriate actions against them. And HR will investigate and impose disciplinary action for the concerned parties as appropriate.
2. Will do. Factory will update the Workplace Conduct & Discipline policy progressively, and add the mentioned elements in.

01/03/20 update: The factory has updated appeal procedure in its policy.

See attached: 1.8 SOP13-- Disciplinary Procedures v2

## PREVIOUS FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. The factory does not have a system for regular communication and meeting between the unions/shop stewards and the factory management. There is no evidence that the factory proactively integrates union representatives and shop stewards to provide feedback and input on the operation of the facility or actively engages them in resolving disputes and differences. 2. There were at least 3 labor disputes in the facility in the past 12 months. The Arbitration Council handled two cases in July 2015 and August 2015 (Case no. 134/15 and Case no. 192/15). The Arbitration Council is a governmental body, which helps to review cases when there are disputes between the factory and the unions, leading to a verdict after the hearing of statements and evidence from both sides on various issues. In December 2015, one of unions raised a 6-point request to the factory management and suggested escalating the action to a strike on Dec 9, 2015 if their demands were not met. As per information from the factory management, the Ministry of Labor (MoL) was involved and proposed a meeting with all parties (MoL, Factory, and Union) for mediation prior to the proposed strike date. However, the respective union representatives did not turn up to the meeting; as a result, MoL announced the meeting could not proceed. The meeting was cancelled. Finally, there was no strike on the proposed date. There were no further developments and updates on the case since then.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25.2 and ER.26; Freedom of Association Benchmarks FOA.1 and FOA.16.2)

## VERIFICATION RESULT

### Finding Status

Partially Remediated

### Remediation Details

#### 1. Finding Status: Partially Remediated

##### Explanation:

Based on the Union leader & Shop stewards interviewed, the factory does not have a system for regular communication and meetings between the unions/shop stewards and the factory management. The only formal meetings are through the PCCC (performance improvement consultant committee), which includes the Better Factory Cambodia Advisory (BFC) officers, the union representatives, and the management team. These meetings took place and were documented on May 11 and July 7, 2017. Thus, the workers' representative is only able to provide feedback and input on the operation of the factory or actively engage in resolving disputes and differences through these formal channels. [ER.25, FOA.16.2]

##### Root Causes:

The new members of management and the compliance team are not familiar with the FLA benchmarks and lack the resources to hold regular communication and meetings with the unions/shop stewards.

#### 2. Finding Status: Partially Remediated

Explanation:

As per the Arbitration Council Award reviewed and management interviews;

AC. Case No. 137 / 15 Dated July 7, 2015: The case was between:

Party 1: Employer

Party 2: Employee (represented by Voice of Khmer Youth Union).

The issues were:

The employee requested the factory pay the severance payment, terminate the unfixed-duration contract then change to a fixed-duration contract.

The employee requested the factory pay piece by daily counted. Any days which workers could not reach to piece rate then the factory paid as minimum wage on that day.

The employee requested the factory recruit more day care staff since the number of children has increased.

The employee requested the factory pay a minimum of 100% and reimburse workers when there were no jobs or when the factory told workers to go home.

The employee requested the factory increase wages by 5% for workers with one to two years' experience, 6% for workers with four to six years' experience, and 7% for workers with more than six years' experience.

The employee requested the attendance bonus to be 15 USD per month. A worker is eligible for an attendance bonus if they come to work without being absent for a month.

The employee requested a lunch allowance of 4,000 riel (1 USD) per day.

Arbitration Council (AC) decision:

Refused to consider the request for the factory to pay the severance payment and terminate the UDC to change to FDC.

Refused to consider the request for the factory to pay piece by daily counted. Any days which workers could not reach to piece rate then the factory paid as minimum wage on that day.

Requested the factory recruit more day care staff to deal with the increasing number of children.

Requested the factory pay a minimum of 100% and reimburse workers when there is no work or when the factory tells workers to go home.

Refused to consider the request for the factory to increase wages by 5%, 6%, and 7% based on seniority.

Refused to consider the request for an increase in the attendant bonus of 15 USD per month.

Refused to consider the request for a lunch allowance of 1USD per day.

The LFUC (Union) refused this decision on July 7, 2015.

On July 15, 2015 the AC informed the employer that the case could not be resolved and both parties could continue the case in labor court.

The management reported that the person in charge of the process, who was the HR manager, resigned.

Therefore, the factory was unable to provide any concrete evidence to verify the progress of the case after the AC award. Based on worker interviews, workers were unaware of the case. [FOA.1, ER.26]

##### Root Causes:

The new members of management and compliance team do not know about this case due to the previous HR Manager resigning. Therefore, they do not have any information that the factory has remediated this issue.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25 and ER.26; Freedom of Association Benchmarks FOA.1 and FOA.16.2)

## COMPANY ACTION PLANS

## Action Plan no 1.

### Description

1. Done. The factory has been meeting the PICC committee every month on its own initiative without the advisor from BFC and will continue doing so. Besides the PICC (performance improvement consultant committee), the union representatives are also invited to join the open meeting/close meeting/remediation meeting of monthly internal audit with the factory management. Several parties sit together to give their suggestions on operation of the facility and resolve the disputes and difference. And grievance system also has been built up which encourages the workers to speak out their complaints and suggestions to the factory. The factory has also been checking suggestion boxes with union representatives where they have also discuss issues and give feedback on complaints/suggestions received. Factory will create more channels for the communication between the unions/shop stewards and the factory management. 2. Will do. No labor dispute and strike occurs after that. Factory will make effort on recognizing and respecting the rights of workers and unions, and engaging in genuine constructive negotiations to reach an agreement with the workers and resolve all labor disputes. 01/03/20 update: Factory has created more channels for worker involvement, e.g., inviting worker representatives to join factory internal audit and to be a member of grievance case handling. More welfare activities are held for the workers. And factory updated its grievance system to solve the complaints in time and effectively and listen their advice if have. The relationship between factory and workers are closer. No labor dispute and strike occurs happen after that.

See attached:

9.2 EG - grievance training 1

9.2 EG - grievance training 2

9.2 EG - grievance training 3

9.2 EG Khmer New Year Celebration

## PREVIOUS FINDING NO.10

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Environmental Protection

#### Finding Explanation

1. The wastewater treatment plant is not fully operational. It is not properly protected against flash floods, the entrance is not secured (no doors or warning signs), and there is no flow diagram of the wastewater treatment plant developed to facilitate the daily operation and monitoring of the plant. In addition, there are some leaking pipes, due to improper maintenance. 2. Based on the last wastewater analysis, one parameter exceeded the standard, but the factory has not yet taken any actions to correct this issue. 3. The factory does not maintain a complete record of internal wastewater sample testing.

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.9; Employment Relationship Benchmark ER.31)

#### Recommendations for Immediate Action

1. Ensure that the wastewater plant is properly managed and conduct wastewater analysis regularly.

2. Take follow-up actions to address non-compliances noted in the wastewater quality testing.

### VERIFICATION RESULT

#### Finding Status

#### Remediation Details

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

##### Explanation:

From the management interview, document review and on site physical inspection, the factory has signed an outsource service contract with the Service Company named Karona Service Co., Ltd to assign one employee to be in charge of operating the Waste Water Treatment Plant (WWP). However, this person is not qualified as a WWP technician or engineer. The Karona Service Company has provided the operation diagram to instruct the maintenance worker on how to monitor and operate the waste water plant. Based on the factory tour, the waste water treatment facility has doors and signs marked to prohibit access of unauthorized personnel. However, the sign does not warn people about the depth of the waste water tank. There was no sign of waste water leakage during the assessment. The monthly maintenance records were provided for reference. [ER.31, HSE.1]

##### Root Causes:

Regarding the person in charge of WWP: The factory reconsiders this task as a simple and easy task, therefore this person is just needed to be trained on how to operate the WWP system and followed the flow chart operative instruction posted on the WWP. The daily operation of the WWP was also monitored by the maintenance leader so the factory did not consider it necessary to employ a technician or an engineer. Regarding the missing of warning sign: the factory admitted they were unaware of the need for this kind of instruction.

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

##### Explanation:

Based on the document review, the Ministry of Environment Laboratory conducted the waste water inspection on August 23, 2017 and the Industrial Laboratory Center of Cambodia conducted the drinking water testing on Sept 08, 2017. The test result met the local standard PH measurement requirements, but the bacteria testing has not been performed. [HSE.1]

##### Root Causes:

The factory admitted of missing to perform the bacteria testing.

##### Explanation:

From the management interview and document review, the factory has already performed the daily Internal Waste Water Sampling Testing on site and the task was supervised by a maintenance leader. Records of daily testing was in place for reference.

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.9; Employment Relationship Benchmark ER.31)

#### Recommendations for Immediate Action

1. Ensure that the wastewater plant is properly managed and conduct wastewater analysis regularly.
2. Take follow-up actions to address non-compliances noted in the wastewater quality testing.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. The factory is still looking for a qualified person to be in charge of the waste water treatment plant. The factory has placed warning sign for the depth of waste water tanks. See attached - #10-1. warning signs for the depth of waste water tank #10-1. warning signs for the depth of waste water tank 1.
2. Will do. As the bacteria test is not required by local standard, so factory ignored it. But factory will look for qualified laboratory to conduct the bacteria test.

## PREVIOUS FINDING NO.11

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Environmental Protection

#### Finding Explanation

1. Hazardous waste, (chemical containers) and nonhazardous waste (papers and clothes) are stored together. The factory does not segregate and mark the different waste streams.
2. The factory keeps some solid waste in an open area at the back of the factory

compound without protection from sun and wind/rain. 3. There were signs of burning solid waste in the solid waste storage areas, such as residue of burnt material left at the waste storage area. 4. There is no record to show that there is a system in place for periodically cleaning the boiler chimneys. Additionally, there is not a system in place for tracking burning efficiency.

#### Local Law or Code Requirement

FLA Workplace (Employment Relation Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

#### Recommendations for Immediate Action

1. Ensure that solid wastes are properly segregated and stored. Designate areas for different waste streams, and properly mark the different waste storage areas.

2. Cease the practice of burning of solid waste.

## VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

1. Finding Status: Partially Remediated

Explanation:

During the factory tour, the assessors noted that the waste disposal storage area was under renovation. The factory had some segregation practices between hazardous waste and normal waste as there is a concrete wall partition with a cover to protect waste against sun and rain. However, more improvement is needed to have a better on-site waste management practice, as found from the factory tour:

Some cigarette butts were found around this waste disposal area even-though there was a "No-Smoking Sign" posted at the entrance of this facility. [HSE.1]

Root Causes:

Due to a lack of monitoring and resources, the factory still could not properly control the areas. Management stated that they will monitor and improve this area after the renovation of this facility is complete.

2. Finding Status: Partially Remediated

Explanation:

The factory's waste disposal facility is under renovation and some shelters have been erected to cover solid waste. However, the housekeeping and No-Smoking policy must be better enforced as cigarette butts were found on the ground near the waste disposal storage and waste was not properly placed under the shelter. The housekeeping should be improved, as it is currently quite dirty. [HSE.1]

Root Causes:

Due to a lack of monitoring and resources, the factory still could not properly control the areas. Management stated that they will monitor and improve this area after the renovation of this facility is complete.

3. Finding Status: Partially Remediated

Explanation:

The factory management explained that the burning case was caused by external people who threw some kind of fire bomb into the waste disposal. The factory followed the policy and assigned the security guard in this area to monitor the back side of the facility. Assessors also found a "No burning of solid waste" sign during the inspection, fire extinguishers near this waste disposal facility, and a "No-Smoking" sign at the entrance of this area. However, the factory does not enforce the No-Smoking Policy effectively, as there is proof that smoking occurs, which is a fire and burning risk. [HSE.1]

Root Causes:

Due to a lack of monitoring and resources, the factory still could not properly control the areas. Management stated that they will monitor and improve this area after the renovation of this facility is complete.

4. Finding Status: Partially Remediated

Explanation:

The factory records the daily operation of the boiler with the volume of the wood consumption, the operation hours, and checking on gauge system. However, there was no record of the cleaning of the boiler chimney. After a certain number of operation hours and a certain number of volumes of wood consumed, the cleaning system must be activated. [HSE.1]

Root Causes:

The factory was not aware of how to record the cleaning process.



#### Local Law or Code Requirement

FLA Workplace (Health, Safety & Environment Benchmark HSE.1)

#### Recommendations for Immediate Action

1. Ensure that solid wastes are properly segregated and stored. Designate areas for different waste streams, and properly mark the different waste storage areas.
2. Cease the practice of burning of solid waste.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Done. Factory has posted the non-smoking sign at the waste storage area to emphasize the point that smoking is not allowed in facility. No cigarette and other smoking indication observed so far. And factory will enhance monitoring for this area after the renovation. See attached - #11-1. No smoking sign in Waste storage area #11-1. No smoking sign in Waste storage area 1 2. Will do. Factory has posted the non-smoking sign at the waste storage area to emphasize the point that smoking is not allowed in facility. No cigarette and other smoking indication observed so far. And factory will enhance monitoring and improve housekeeping for this area after the renovation. 06/24/2019: The waste disposal facility currently has shelter roof to protect and prevent from direct sunlight and wind/rain. And this area is well management: no smoking and good housekeeping. See attached Shelter roof at waste house 3. Done. Factory has posted the non-smoking sign at the waste storage area to emphasize the point that smoking is not allowed in facility. No cigarette and other smoking indication observed so far. And factory will enhance monitoring for this area after the renovation. 4. Will do. The factory's boiler chimneys are cleaned automatically by steam pressure as smoke from the furnace must go through the steam entrapment device before exiting through the chimney. Thus soot and dust are captured by steam before they leave through the chimney and the dust and soot will condense into water which will flow out through another conduit. Maintenance Team would conduct regularly checks on the soot entrapment mechanism to ensure that it is working well. As the consideration of the structure of our boiler chimney, factory will make records for the soot entrapment mechanism check. And factory will also consult our boiler supplier to see if it is possible to conduct cleaning for the chimney.

## PREVIOUS FINDING NO.12

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The secondary containers in the generator room have holes and are likely to leak in case of use. Additionally, there are some oil barrels stored in the open areas at the back of the factory compound. 2. There are unlabeled chemicals in the workshop, the maintenance section, sewing section, and washing section. Some chemicals were completely missing their Material Safety Data Sheets (MSDS). In addition, existing MSDS are not in local language, as for the spot lifter, hydrogen peroxide, and cleaning agents in the washing section. 3. The volume of the secondary containers is not calculated with respect to the amount of chemicals stored in these sections. 4. The factory is not taking safe storage precautions for chemicals. There is no assessment on the maximum amount for storing different chemicals, their storage conditions, potential reactivity with each other, and fire extinguishing systems. Although there is a fire extinguisher in the storage area, there was no assessment conducted to ensure that the type of fire extinguisher is suitable for all chemicals stored in the chemical storage room.

#### Local Law or Code Requirement

Cambodia Labor Code, Article 229, FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.9 and HSE.10)

#### Recommendations for Immediate Action

1. Adopt practices and controls to ensure that effective secondary containment is available for all chemicals.
2. Store all chemicals in proper areas with the necessary risk assessment and storage precautions.



3. Ensure that MSDS, in the local language, are available for all chemicals. Label all chemical containers.

4. Properly store oil barrels at the designated areas with effective spill prevention and protect them from rain and direct sunlight.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Partially Remediated

#### Explanation:

The hole of the secondary containment has been fixed and there was no sign of leakage. However, some oil barrels which are located in the opposite of the generator facility, are still placed outside and exposed to the sun. [HSE.9]

#### Root Causes:

The management stated that maintenance workers have been trained on these requirements, but the issue has persisted due to a lack of monitoring from the people in charge (the maintenance and compliance personnel).

2. Finding Status: Remediated

#### Explanation:

All of the chemical containers that were randomly observed and checked had safety labels posted with the pictogram symbol and short safety instructions, in accordance with Global Harmonized System. The label is also in the local language. The MSDS are also posted in the chemical storage, in the production workshop where chemicals are used, in the spot cleaning room, and in the washing workshop.

3. Finding Status: Partially Remediated

#### Explanation:

The factory has built the secondary containment for all the chemical stations. However, in some stations where there is a large volume of chemical drums, such as at the washing workshop and the chemical storage, the secondary calculation still did not meet the volume present in the storage sections. [HSE.9]

#### Root Causes:

Some of the chemicals are liquids while others are powders (softener, detergent, sodium bicarbonate, etc.) so the factory could not define how much capacity should be for the secondary containment.

4. Finding Status: Not Remediated

#### Explanation:

The factory has not yet performed the assessment on the chemical storage to define the volume of chemicals stored in each section and how to define the compatibility and incompatibility of chemical storage. Based on a randomly checked chemical list provided by the factory, there were some incompatible chemicals found on the list, such as Acetic Acid being incompatible with Acetone. These two chemicals were not in the same storage during the factory tour. However, the factory should perform this assessment to ensure that chemicals stored in the warehouse and in the production, area are compatible. Also, the factory should ensure that the appropriate type of fire extinguisher is in place in case of emergency and ensure that the appropriate PPE is provided to those who handle these chemicals based on the MSDS' definition of which types of extinguishers are needed and which PPE should be provided by type of chemical used. The factory does not have clear instructions on chemical handling or in-depth trainings for the person in charge of handling chemical storage. Only basic training is provided, such as how to clean chemicals and when to use masks. The training should be more specific and practical based on the actual chemicals present in the storage. [HSE.8, HSE.9, HSE.10]

#### Root Causes:

The factory does not have the resources to perform this assessment.

### Local Law or Code Requirement

Cambodia Labor Code, Article 229; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.9 and HSE.10)

### Recommendations for Immediate Action

1. Conduct a general check of all areas used to store chemicals to ensure that they are in compliance with safety requirements, they fulfill the shelter requirements, there is secondary containment or a local drainage system, the MSDS and labels are posted, and the fire protection equipment is available and equipped in case of emergency.

2. Store chemicals so that they have a minimal impact on workers and the environment. Take the following measures:

(a) Provide secondary containment to prevent leaks, spills, and other releases to the ground. Such secondary containment should be constructed of a durable material (e.g. metal) and resistant to the stored chemical liquid (corrosion-proof if necessary).

(b) Use secondary containers to physically segregate incompatible chemicals when they are stored in the

same physical location.

(c) Provide secondary containment for small size of hazardous liquid storage to prevent ground and water contamination. The volume of secondary containment should be 10% greater than the largest individual containers within the production area. Secondary containment is not mandatory for containers with a volume of less than one liter.

(d) For large sized chemical storage where secondary containment is not feasible, a local drainage with sump collectors is an alternative solution.

3. Segregate classes of incompatible chemicals from each other during storage based on their hazard class, which is listed on the MSDS.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. Factory has immediately moved the oil barrels to the chemical warehouse. Factory will enhance refresh training and onsite monitoring on chemical management to prevent it happening. 01/03/20 update: The factory has provided chemical management training to the related staff. All chemicals are put on the designed area only. See attached: 12.1 SW Washing PPE & Chemical Handling Training\_2019.06.272. Will do. Factory will measure the volume of chemical drums and provide suitable secondary containments. 3. Will do. Factory will enhance chemical storage management and conduct assessment on the maximum amount for storing different chemicals, their storage conditions, potential reactivity with each other, and fire extinguishing systems. If there is any professional chemical management training by government, NGO, or buyers available, factory will arrange person to participate. And factory will also look for professional parties to provide training for the chemical management staff.

Completion date:

1. 12/31/2019

## PREVIOUS FINDING NO.13

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The lighting in the packing area is not sufficient for providing adequate illumination. Based on the internal assessment by the facility, there were areas throughout the workshop, such as the packing section, with readings of Lux 372, which was below the general requirement for Lux 500 in this area. 2. Some materials are improperly stored on top of the lighting trays, which contains the fluorescent lights.

#### Local Law or Code Requirement

Cambodia Labor Code, Article 229, Prakas 484/03; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.13)

#### Recommendations for Immediate Action

1. Relocate the lighting tubes to ensure that provide sufficient lighting (at least Lux 500) in the workshop.

2. Remove the materials stored in the lighting trays. Conduct regular inspections to ensure that lighting trays are not used to store materials.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

#### 1. Finding Status: Not Remediated

Explanation: The factory has still not conducted the environmental inspection to ensure that the lighting in each workshop meets the legal standards. This environmental inspection should also include the air velocity, temperature, and dust measurement. [HSE.13]

Root Causes: The factory has installed a lighting system in the warehouse, packaging section, and some workshop. Although lighting met the requirements, the factory has not yet performed a measurement to ensure it meets the legal expectations. The system has been tested and the highest level was 498 Lux, which is below the recommended 500 Lux. They have also yet to invite an environmental inspection service to measure the environmental condition of the factory.

#### 2. Finding Status: Remediated

Explanation: During the assessment, there were no combustible materials stored on top of the lighting trays.

### Local Law or Code Requirement

Cambodia Labor Code, Article 229, Prakas 484/03; FLA Workplace Code (Health, Safety & Environment Benchmark HSE.13)

### Recommendations for Immediate Action

1. Contract a local environment inspection agency to measurement the lighting system throughout the production floor and the packing section to ensure that it meets the legal requirements.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. Factory will replace the light tubes below 500 Lux firstly. Then factory will consider inviting a qualified environmental inspection service company to measure the environmental condition of the factory. 01/21/20: The factory has replaced light tubes and the lux reading at packing area was exceeded 500lux. See attached:

#13.1: Lux reading\_Packing

#13.1: Lux reading\_Packing 2

## PREVIOUS FINDING NO.14

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The covers of the computerized knitting machines at knitting section are not connected to safety switches, and workers can open covers adjust the machines while the machines are working. There is no protective guard for the grinding machine in the maintenance room.

2. The washing machines in the washing section are not well maintained; they have many temporary fixes, such as fixes to handles and locks.

3. The ventilation fans throughout the factory have bearing/coupling/belt problems and generate a high level of noise, such as near to the drinking water areas and sewing section.

4. At least three mobile air compressors have leaking air pipes, installed outside the main factory buildings.

5. Needle guards/lower pulley guards are missing or not in use in different sewing sections.
6. Workers in the spot removal section are not properly wearing Personal Protective Equipment (PPE), such as protective mask and gloves; these workers handle the hazardous chemical N-HEXANE.
7. Knitting workers in the knitting section were not using their earplugs even though there is a sign requiring ear protective equipment posted nearby.
8. There is no proper ergonomic program in place. Standing workers do not have anti-fatigue mats. The factory does not have adjustable chairs. Some workers had to use cushions to position themselves properly. There is not a defined carrying limit for manual handling and no lifting belt are provided to the workers.

#### Local Law or Code Requirement

Cambodian Labor Code, Article 230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.7, HSE.8, HSE.14, and HSE.17)

#### Recommendations for Immediate Action

1. Ensure that all machines have proper and functional safety covers, guards, and safety devices. Carry out proper maintenance for washing machines, ventilation fans, and compressors.
2. Equip all machines with proper safety guards. Conduct regular machine maintenance. Carry out a proper risk assessment on the chemicals used at the spot removing room and provide appropriate PPE. Regularly train and communicate to workers on the requirement to use PPE and machines guards.
3. Provide lifting belts to all eligible workers in the warehouse as proper PPE. Define carrying limits for manual lifting and communicated this to concerned workers.

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

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

Explanation: The factory still has not fixed the cover of the computerized knitting machines. The machines were still running while the doors were open, despite the posted safety instructions stating that the door should be closed when the machine is functioning. The factory has put the cover on the grinding tool in the maintenance room. [HSE.14]

Root Causes: The factory has kept the original technical design of the machine and the factory. This design is acceptable after providing training to the operators and posting the safety instruction signs on each machine.

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

Explanation: The factory has fixed some of the defects from the previous assessment. However, some of the operation switches located on the control panel of two washing machines were missing a stop button and/or an operation button. [HSE.14]

Root Causes: Lack of monitoring.

##### 3. Finding Status: Not Remediated

Explanation: The factory has still not fixed the fan motors to reduce the noise from the bearing/coupling/belt and meet the legally required noise level standards. [HSE.14]

Root Causes: The factory stated that there were too many repairs to make. Therefore, the factory could not make these repairs because the repairs were too expensive and the factory is having financial difficulties.

##### 4. Finding Status: Remediated

Explanation: During the factory tour, there was no evidence of air leakage from the pipe. The factory requested maintenance to check and replace all defective pipes. Maintenance also carries out monthly periodic checks and the records were provided for reference.

5. Finding Status: Remediated

Explanation: During the factory tour, all of the randomly checked sewing machines were equipped with needle guards and pulley guards. The factory should keep monitoring to ensure compliance with safety requirements.

6. Finding Status: Remediated

Explanation: The one worker in the spot removal section was properly wearing the appropriate PPE when performing her work in this room. The spot cleaner bottle was also marked with a safety label.

7. Finding Status: Partially Remediated Explanation: Most of the workers in the knitting workshop were wearing PPE in the designated areas.

However, some workers were still not wearing it appropriately. Based on a document review, the factory conducted PPE trainings for all workers on January 24, 2017 and on July 22 & 24, 2017. [HSE.8]

Root Causes: Lack of awareness and enforcement.

8. Finding Status: Partially Remediated

Explanation: 1) The workers performing standing jobs, such as panel checking and packing, are provided with foam mats. 2) The workers in the cutting and the ironing sections are provided with chairs with back rests. 3). The risk assessment on heavy materials handling was done on June 28, 2017 to determine the number of workers who need lifting belts. 4). Based on document review, the general safety training dated Oct 9, 2017 covered the following ergonomic topics: heavy lifting techniques, regular breaks, bathroom breaks, and water breaks for workers who sit while working. However, the factory has not yet provided lifting belts for the workers who handle heavy materials. The factory stated that they have trained workers in the warehouse, carton packing section, and finished goods section but there were no records to verify the training. [HSE.7]

Root Causes: The purchasing department has placed the order for the safety belts, but they have not been delivered yet. A purchase order for the lifting belts dated October 13, 2017 was provided for reference.

Local Law or Code Requirement

Cambodian Labor Code, Article 230; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.7, HSE.8, and HSE.14)

Recommendations for Immediate Action

1. Consult with the manufacturer to provide a safe solution for the knitting machines to ensure safe operation.
2. Conduct regular inspections of all machines to ensure that the operation switch and the emergency shutoff button are functioning. Label these buttons in the local language so that workers know how to use them correctly, especially in the case of an emergency case.
3. Create an effective maintenance process on the ventilation fans to ensure that the noise from the ventilation system does not exceed the legal limit.
4. Reinforce the implementation of the PPE policy and performance of the worker on the usage of the PPE in the workplace. Provide a comprehensive PPE refresher training program for the workers. Conduct root cause analysis to understand why workers do not wear PPE and provide proper PPE for workers. Regularly monitor PPE use.
5. Provide lifting belts to all eligible workers in the warehouse. Define carrying limits for manual lifting and communicate to eligible workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. Will do. Factory will try to find solution from the machine supplier to connect the covers to safety switches. Before finding the solution, factory would provide refresh training and enhance onsite monitoring on machinery safety and production safety to the workers. And factory would ensure the safety instruction signs are posted on each machine. 2. Will do. Factory will replace with new stop buttons and/or operation buttons for control panels. And factory will enhance monitoring and arrange maintenance in time. 01/21/20: The factory has replaced the stop buttons and/or operation buttons for washing machine control panels. See attached: #14.2: Stop and operation buttons for washing control panel. 3. Will do. Factory will maintain the ventilation fans to ensure they are in good working condition. 4. Done. Factory has provided refresh training of PPE wearing to the workers, so as to increase their self-protection awareness. And the supervisors are required to enhance onsite monitoring during daily work as well. See attached – #14-7. S-Comp. Knit PPE Training 2018.03.19, #14-7. T-Sewing PPE Training 2018.03.19, #14-7. AutoKnitting worker with earplugs 1, #14-7. AutoKnitting worker with earplugs 2. 5. Will do. Lifting belts have arrived and will be distributed to employees needing them. Training for employees lifting heavy goods will be conducted in Dec 2018. 06/24/2019: The latest ergonomic training for workers who working in Fabric Warehouse, Carton Packing Section and Finished Goods Warehouse were conducted on 31 October 2018. See attached: TS CP\_Manual Handling & Lifting Techniques Training 20181031; TS FGW\_Manual Handling & Lifting Techniques Training 20181031; TS FW\_Manual Handling & Lifting Techniques Training 20181031

Completion date:

1. <!--[endif]-->N/A
2. 01/21/20
3. <!--[endif]-->N/A
4. <!--[endif]-->06/30/18
5. 10/31/18

#### Company Action Plan Update

1. All computer knitting machines has installed an emergency stop button and all machines' cover were closed while its running.

See attached: #14.1\_Computer knitting emergency stop buttons

3. The current noise level at sewing section and near ventilation fans are between 65.5dB to 73dB.

See attached: #14.3\_Noise level

#### PREVIOUS FINDING NO.15

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. There is only one fire extinguishers installed in the motorbike parking area. The monthly checks for the fire extinguishers and fire alarms were ineffective as the last recorded inspection date was Dec 12, 2015, despite the fact that this assessment was carried out on Nov 30, 2015. A small number of fire extinguishers/hydrants are blocked by goods and materials.
2. An emergency evacuation route in the embroidery section is blocked by goods and materials. The emergency illumination is not operational at the evacuation exit in the embroidery section. Additionally this emergency exit leads into a fenced area. Padlocks and locks are hanging on the emergency exit doors in several sections and locations, posing a potential risk of accidentally locking the door. Some emergency evacuation lines in the sewing and finishing sections have faded.
3. One Exit in the dormitory is locked and blocked with motorbikes during the daytime.
4. The fire pump does not have a direct connection with the nearby fire tanks, which will reduce the efficiency of pumping the water in case of emergency. The water pipe between the fire pump and the water tanks is leaking.

5. The fire alarm in the dormitory does not have a back-up battery. In addition, the factory does not have a centralized fire alarm system. There is no fire alarm in the 2/F of the office building. The visual alarm is insufficient for high noise areas where workers were using earplugs, such as the embroidery/knitting section.
6. The fire alarm panel, which indicates the condition of different points of fire alarms, is not located in an area where 24/7 supervision is available (such as the security cabin). Furthermore, there are no alarm zones identified in this panel. In addition, there is no calculation that verifies battery power is enough to keep it working in case of a blackout in the production area.
7. The emergency assembly area is not marked, and no signs lead to this area. Fire drill logs do not include the following information: whether there was an electricity shutdown, problems observed during the drill, type of the alarm (announced/unannounced), and the department of the last person who arrived at the emergency assembly area.
8. There are no fire detectors in the boiler room and generator room.

#### Local Law or Code Requirement

Cambodian Labor Code, Article 229; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.6)

#### Recommendations for Immediate Action

1. Install a sufficient number of fire extinguishers, such as at least four fire extinguishers in the motorbike parking area. Conduct regular inspections of the firefighting equipment.
2. Regularly check the emergency lights to ensure that they are in good condition. Ensure that exit, evacuation routes, and fire- fighting equipment are free from blockage.
3. Install fire alarm on 2/F of the office building, and place sufficient visual alarms in high noise areas.
4. Place fire alarm panels suitable locations. Install back-up batteries for all fire alarms, and regularly inspect these batteries to ensure they can function in the case of a blackout/emergency. Install a centralized fire alarm system throughout the whole factory.
5. Properly mark emergency assembly areas and place directional signs leading to these areas.

## VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

1. Finding Status: Remediated

Explanation:

The factory has installed four fire extinguishers for the motorbike parking area. The assessors noted that there were no findings concerning obstructions in front of fire equipment, electrical cabinets, or first aid. The monthly check list has been attached to each fire extinguisher and the monthly checking date was available for reference.

2. Finding Status: Partially Remediated

Explanation: All exits in the embroidery room were clear of obstruction and the fence located outside of the embroidery room (opposite the exit door) was open. Two exit lights located in this embroidery room were illuminated and properly functioned. The factory has posted the notice "Keep Door Open in Case of Emergency" on only some exit doors

which need to be secured against theft (based on Better Work advised). However, the factory should define which doors need to be closed after a full evacuation to prevent the spread of smoke from one room to another, as doors are reconsidered a fire rate partition. The factory also had already repainted the lines and exit arrows on the exit route. [HSE.5]

Root Causes:

Lack of understanding and knowledge on fire safety management

3. Finding Status: Remediated

Explanation:

There were no obstructions in front of the any of the exits, including the exit in the dormitory, which was unlocked and clear of obstruction.

4. Finding Status: Remediated

Explanation:

The fire pump system has been installed on top of the 800-cubic meter water supply storage and was connected to the water supply by a steel pipe. There was no sign of leakage found during the assessment.

5. Finding Status: Partially Remediated

Explanation:

The factory has installed the Unit Power System (UPS) system as a backup for the battery in case of black out.

The factory has installed a flash light in high noise areas, such as in the embroidery room and the knitting workshop. However, the alarm system is still not centralized into one system. The fire alarm on the second floor of the office building has not yet been installed. [HSE.5, HSE.6]

Root Causes:

The factory thought that independent fire alarm systems in each area would be enough. Also, management needs to reconsider the cost of installing a centralized system.

The fire alarm located on the second floor of the office building has not been installed due to the workload and it not being a high priority plan.

6. Finding Status: Partially Remediated

Explanation:

The fire zone and the operation instructions for the fire control panel located on the production floor near the sample room are not marked in the local language to ensure all workers working in these areas could quickly detect the location of the fire to appropriately evacuate. It was noted the factory has installed the battery backup system to provide power for the alarm system in the case of blackout. [HSE.5, HSE.6]

Root Causes:

The Chinese maintenance leaders and some leaders of the fire team manage the fire control panel. In the case of a fire, these people understand how to identify the fire area through this control panel, so the factory does not believe that they need to post the instructions on these systems.

7. Finding Status: Remediated

Explanation:

Based on the factory tour and document review, the factory has created two assembly points and posted signs to direct people to these assembly points. Based on the fire drill report document, the factory has amended the evacuation process to include the evacuation duration, the roll call from each workshop, and a corrective action plan based on the fire evacuation drill.

8. Finding Status: Partially Remediated

Explanation: It was noted from the factory tour that the factory has installed a fire alarm point in the generator room and also in the boiler room instead of a fire detector device. [HSE.6]

Root Causes:

The factory stated that the boiler produces heat and smoke and could cause a false alarm. Therefore, they installed a fire alarm system instead.

#### Local Law or Code Requirement

Cambodian Labor Code, Article 229; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.5, and HSE.6)

#### Recommendations for Immediate Action

1. Install a sufficient number of fire extinguishers, such as at least four fire extinguishers in the motorbike parking area. Conduct regular inspections of the firefighting equipment.
2. Regularly check the emergency lights to ensure that they are in good condition. Ensure that exit, evacuation routes, and fire- fighting equipment are free from blockage.
3. Install fire alarm on 2/F of the office building, and place sufficient visual alarms in high noise areas.
4. Place fire alarm panels suitable locations. Install back-up batteries for all fire alarms, and regularly inspect these batteries to ensure they can function in the case of a blackout/emergency. Install a centralized fire alarm system throughout the whole factory.
5. Properly mark emergency assembly areas and place directional signs leading to these areas.

## COMPANY ACTION PLANS



## Action Plan no 1.

### Description

1. Will do. Factory will update the Health and Safety policy and procedure progressively, and define the doors need to be closed after full evacuation in the Health and Safety procedure. 06/24/2019: The procedure on emergency exits was amended. See attached SOP20 - PROCEDURES ON EMERGENCY EXITS v4 2. Will do. As the factory production area is large (30000 m2), it is a tough task for factory to connect the independent fire alarm systems in each area into one system. It is a time consuming and costly project. But factory will consider it. Before realization, factory will enhance fire safety training and fire drill to all the employees, and install sufficient and well operating fire preventing and firefighting equipment in the facility, so as to ensure factory fire safety is kept at a high level. For the fire alarm on the second floor of the office building, factory will arrange the maintenance team to install. 06/24/2019: The factory has installed fire alarm on the main office building. See attached Fire Alarm\_Office; Fire Alarm\_Office 2 3. Will do. Factory will translate the fire zone and operation instructions into Khmer for the fire control panel near the sample room. 4. Will do. Factory will take the suggestion of the auditor and look for the heat alarm system for the boiler room and generator room. Before getting the heat alarm system, factory will ensure fire alarm system working properly and the workers in generator room and boiler room know clearly how to use the fire alarm when there is any emergency case occurs or risk rises.

## PREVIOUS FINDING NO.16

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Electrical conduits and sockets are placed on metal fences within the factory, which poses a risk of electrical shock due to the absence of proper grounding practices. Most of the sockets are either without continuous grounding connections or unconnected grounding lines, such as at the knitting and sewing workshops. Only a few locations have proper grounding connections.
2. There are plugs and electrical cables that have been improperly repaired with tape in the sewing and knitting department. There are also instances of bad wiring. Around 10% of electrical panels are open.
3. There was one unqualified personnel from the subcontracting company on duty in the electrical distribution room, and he was not wearing proper PPE.
4. There was an improper insulation mat in front of certain electrical panels, such as at the knitting and sewing section.
5. The factory does not have a lightning rod and protection system throughout the whole factory.

##### Local Law or Code Requirement

Cambodian Labor Code, Article 229; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.13)

##### Recommendations for Immediate Action

1. Adopt practices and controls to ensure that an effective electrical system is installed at the facility. Conduct regular inspections and follow-up for electrical equipment.
2. Ensure that only qualified personnel are allowed in high-risk areas.
3. Provide a suitable insulation mats for the electrical panels.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Remediated

Explanation:

There were no electrical sockets installed or placed on metal fences in the knitting and sewing workshop.

2. Finding Status: Partially Remediated

Explanation:

Taped electrical wires were still found in the production workshop, the washing workshop, and on lighting trays.

The factory has replaced about 90% of the randomly checked unsafe electric cables in the knitting and sewing workshop. No open electrical panels were noted. [HSE.13]

Root Causes:

Due to a lack of resources and production demand, the maintenance workers could not complete all replacements in such a short time.

3. Finding Status: Not Remediated

Explanation:

The operator in the electrical control room is still not qualified. During the tour, the person in charge of the electrical control room was not in the room, but there was PPE and a PPE sign post at the entrance. [HSE.1]

Root Causes:

Based on the management explanation, the maintenance leader, who is a qualified electrician, has trained and monitored the worker. Management also stated that this worker's job is mainly to record the input and output data from the electric distribution panel and to help the maintenance leader start the generator and switch the electric distribution panel if there is an electrical shortage. Therefore, the management does not feel that a qualified electrician is needed for this simple job.

4. Finding Status: Not Remediated

Explanation:

The proper insulating rubber mat has not yet been provided for electrical panels to protect the electrician from electrical shock when working on these cabinets. [HSE.13]

Root Causes:

The insulating rubber mat was too expensive. Therefore, the factory has to reconsider putting this requirement into the long term strategic and budget plans.

5. Finding Status: Not Remediated

Explanation: The factory has not installed the lightning rod system for the production building. The existing lightning rod installed on the Office and Dormitory building (less than 15 meters high) is not high enough to protect the production block which is more than 30 meters away from the two office buildings and dormitory buildings.

Management stated that the factory is seeking a consultant for this requirement. [HSE.1, HSE.13]

Root Causes:

The factory believes that the rod on the roof of the office and the dormitory building is enough to protect the entire facility, so the factory has not installed another the lightning rod. Management thinks that there are taller buildings around the factory with lightning rods already installed that could protect the facility.

### Local Law or Code Requirement

Cambodian Labor Code, Article 229; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.13)

### Recommendations for Immediate Action

1. Adopt practices and controls to ensure that an effective electrical system is installed at the facility. Conduct regular inspections and follow-up for electrical equipment.

2. Ensure that only qualified personnel are allowed in high-risk areas.

3. Provide a suitable insulation mats for the electrical panels.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. Factory maintenance workers are replacing the unsafe plugs and electrical cables progressively. It needs some time to finish the whole project. Currently factory keeps conducting monthly checks on electrical wires and also training employees and OHS Committee to report faulty cables immediately. 06/24/19: There's no taped electrical wires found in the production workshop at present. 2. Will do. Factory will look for a qualified person for this position. And maintenance leader will keep training the

operator about the work procedure and work safety including PPE usage. 3. Will do. Factory will look for proper supplier and purchase the insulating mats for the electrical panels. 06/24/19: The factory has replaced the insulation mat in order to protect from the electrical shock when perform task. See attached Insulation mat 4. Will do. Factory will consult this matter with the professional parties. And factory will consider installing the lighting rod and protection system through the whole factory if necessary.

## PREVIOUS FINDING NO.17

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. There is no a system in place for periodic sanitation of drinking water tanks. As a result, the water tanks are not clean. Worker interviews revealed that there are concerns regarding the quality of drinking water. In addition, adhesive tapes were used to fix the connection between water pipes and water tanks instead of proper fixes, posing a potential risk for leakages. Moreover, there is no maintenance records/checklist posted at the drinking water areas.
2. The current filter for the drinking water lacks an international standard certification and does not specific what kind of bacteria are being filtered. The drinking water test was only tested for the chemical substance of the water but did not include the legally required bacteria test.
3. The factory does not provide workers with cups for drinking water. Currently, most of the workers use PET water bottles, which are not suitable for continuous use and were brought to the factory by the workers. Factory management reports that they had ordered new cups for workers, which were on the way to the facility.
4. There is no medical staff (nurse) at the clinic for the night shift violating legal requirements stating that at least a nurse shall be deployed at the factory site during all working hours.
5. The factory did not conduct the legally required inspection by the Municipal Health Department to obtain the legally mandated sanitation certification for the overall sanitation at the factory.
6. The factory has not conducted an assessment to identify which medicines need to be refrigerated. This assessment is particularly important because the air conditioners do not work during the nighttime and Sundays as the general rest days when medicines are not properly kept.
7. The factory does not maintain food samples for meals served at the dormitory, against the risk of food poisoning, as per legal requirements.

##### Local Law or Code Requirement

Cambodian Labor Code, Article 229; Prakas 054/00; Prakas 330/00, Article 3; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.18, and HSE.23)

##### Recommendations for Immediate Action

1. Adopt practices and controls to ensure that workers have access to clean drinking water and associated facilities. Establish a proper maintenance and sanitation system to ensure that the cleaning process is tracked and properly documented. Post the checklist or maintenance list next to the water tanks.
2. Ensure that proper drinking water testing is conducted by a qualified agent.
3. Provide proper drinking cups to workers.

4. Ensure that additional medical staff are available on night shifts.

5. Request an inspection of the overall sanitation of the factory conducted by the Municipal Health Department and obtain the legally required sanitation certificate from the Municipal Health Department.

6. Maintain food samples for at least 48 hours.

7. Conduct a risk assessment on the storage of medicine. Ensure that all medicines are properly stored, including during the night time and on Sundays.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Remediated

Explanation:

Based on the water system cleaning SOP dated January 5, 2017, the factory cleans the drinking water tanks twice per week and the water filter once per week. Records are kept for reference. The latest cleaning was done on Oct 18, 2017. A new water tank has replaced the previous one, the adhesive tape has been removed and the pipe had been connected by industrial glue. The tanks were new, and no leakage was noted.

2. Finding Status: Partially Remediated

Explanation:

The factory has not done the bacteria testing for the drinking water as per requirement. They have requested to do this testing in February 2018 with the annual water testing plan. Based on the contract between the factory and the drinking water service provider, the filter is scheduled to be changed every six months. Documents were provided for verification. [HSE.23]

Root Causes:

The factory admitted for omitting the testing due to lack of knowledge and not knowing this testing was required.

3. Finding Status: Remediated

Explanation:

The factory has provided each worker a water bottle since January 2016. Records of this water bottle distribution was provided for verification. The factory has also developed a policy stating that the workers can request a replacement bottle when lost and recommending that workers use water bottles when on the factory premises. The water bottles are kept in the workplace factory cabinet.

4. Finding Status: Not Remediated

Explanation:

The factory has not yet employ a nurse for the night shift as per legal requirements. [HSE.18]

Root Causes:

The HR department has communicated with the local hospital and at the Commune Hall to find a full-time nurse, but they have not received any applications.

5. Finding Status: Not Remediated

Explanation:

Kleen Eleven (Cambodia) has performed the weekly pest control, but the general sanitation inspection throughout the factory premise has not yet been performed and the Municipal Health Department has not certified the factory. [HSE.1, HSE.4]

Root Causes:

The person in charge of health and safety resigned after the FLA audit in December 2015 and the replacement was hired in April 2016. The new compliance officer became aware of this report in July 2016. Since then, there

have been numerous other required tasks and some of the requirements were neglected during the implementation of the corrective action plan.

6. Finding Status: Remediated

Explanation: The factory has done the assessment on the types of medicine used in the factory to classify which medicines should be kept in the fridge.

7. Finding Status: Not Remediated

Explanation:

The factory has not yet implemented the legally required food sample storage process. [HSE.22]

Root Causes:

The factory is not aware of the legal requirement and the new compliance person has not been able to follow up all findings.

Local Law or Code Requirement

Cambodian Labor Code, Article 229; Prakas 054/00; Prakas 330/00, Article 3; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.18, HSE.22, and HSE.23)

Recommendations for Immediate Action

1. Adopt practices and controls to ensure that workers have access to clean drinking water and associated facilities. Establish a proper maintenance and sanitation system to ensure that the cleaning process is tracked and properly documented. Post the checklist or maintenance list next to the water tanks.

2. Ensure that proper drinking water testing is conducted by a qualified agent.

3. Provide proper drinking cups to workers.

4. Ensure that additional medical staff are available on night shifts.

5. Request an inspection of the overall sanitation of the factory conducted by the Municipal Health Department and obtain the legally required sanitation certificate from the Municipal Health Department.

6. Maintain food samples for at least 48 hours.

7. Conduct a risk assessment on the storage of medicine. Ensure that all medicines are properly stored, including during the night time and on Sundays.

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. Will do. As the bacteria test is not required by local standard, so factory ignored it. But factory will look for qualified laboratory to conduct the bacteria test. 2. Will do. Factory is recruiting a new nurse to work during night shift hours for a long time (over 2 years). But no one applies it. Factory will keep recruiting. 06/24/19: The factory has decided to reduce the amount of night shift workers from 55 workers to 49 workers in order to comply with legal requirements starting 01 June 2019. 3. Will do. Factory will consult the sanitation inspection matter with the Municipal Health Department and arrange the inspection if necessary. 06/24/19: The factory currently using Atalian Global Service for weekly pest control program and also using the Karona service for cleaning. 4. Will do. Factory will train the canteen staff to keep the food sample for 72 hrs so that they can be tested when there are suspected food poisoning case. 01/03/20 update: The compliance officer will keep taking the food samples and keep it for 72 hours. It can be used if any food poisoning outbreak within the factory. See attached: 17.7 RTE PRODUCTS SAMPLE RECORDS

Completion date:

1. <!--[endif]-->N/A

2. <!--[endif]-->06/01/19

3. <!--[endif]-->N/A

4. 12/31/19

## Company Action Plan Update

1. The factory has sent the water sampling to the qualified laboratory for microorganism test.

See attached: #17.2\_Drinking water analysis (microb)

## PREVIOUS FINDING NO.18

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. There are mobile air compressors in the production areas, which can be moved from one place to another within the workshop. However, these air compressors are not properly segregated and placed in areas that are not near a large number of workers. These air compressors pose a high risk of danger in case of an accident on the production floor.
2. There are Liquefied Petroleum Gas (LPG) gas canisters being used in dormitories, and there are no gas detectors.
3. There is a large amount of machine oil contamination on the floor that needs to be cleaned in the parking and compressors areas.
4. Some of the supports for the cooling units are in poor condition, while others are missing. The cooling units are installed at the wall above doors throughout the production floor. Therefore, insufficient support for the installed cooling units pose a potential risk of the cooling units falling on workers.
5. The manometers of pressure vessels of the pipes that transfer pressured and compressed air outside the production building are not marked with working and maximum working pressures.
6. The factory has not performed an asbestos exposure assessment.
7. The sprinkler of the eyewash kit at the chemical storage areas does not have a protective cover.
8. The tires of some cargo trucks used by the contractors in the facility were not in good condition since some of the tires on the container truck were without air.
9. The factory does not provide safety guidelines to contractors.
10. Workers at the cutting section were using corroded scissors, which carry the risk of tetanus.
11. Only two staff members are available at the childcare center, and more than 10 children were at the center at the time of assessment. Interviews with workers and union representatives showed that there was a concern for insufficient care for children at the childcare center.

##### Local Law or Code Requirement

Cambodian Labor Code, Articles 186, 229, 230, 239, and 240; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.22, and HSE.27)

##### Recommendations for Immediate Action

1. Remove the mobile compressors from the production areas.
2. Ensure that LPG gas canisters are not used in the dormitory.

3. Clean up oil contamination on the floor.
4. Enhance the regular maintenance and inspection of the cooling unit.
5. Provide the appropriate protective cover for the sprinkler for the eyewash station.
6. Replace corroded scissors.
7. Conduct monitoring on the Health & Safety of contractors. Communicate basic Health & Safety information to contractors.
8. Conduct a regular assessment to ensure that the child care center has sufficient manpower and space.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Remediated

Explanation:

The factory has moved the air compressors to the designated location and provided guarding around the air compressors to prevent unauthorized access.

2. Finding Status: Remediated

Explanation:

The factory has removed the LPG canisters out of the dormitory and placed gas detectors.

3. Finding Status: Remediated

Explanation:

There was no sign of oil leakage on the floor of the parking and compressors areas during the assessment.

4. Finding Status: Remediated

Explanation:

The factory has installed additional T steel bars to reinforce the support for these cooling units.

5. Finding Status: Remediated

Explanation:

The manometer of the pressure vessels of the pipes that transfer pressured and compressed air outside the production building has been marked with working and maximum working pressures. The factory has also provided the maintenance check list records.

6. Finding Status: Not Remediated

Explanation: The factory is still searching for a certified party in Cambodia to conduct the test to confirm that the factory buildings are not made of materials related to asbestos and that the production processes do not use asbestos related materials. [HSE.1]

Root Causes:

Lack of resources to perform this task.

7. Finding Status: Not Remediated

**Explanation:**

The two eye wash facilities are not properly equipped with a cover and a filter. Additionally, the nose of sprinkler has not yet been changed. [HSE.7]

**Root Causes:**

The factory thought the water pressure was strong enough to wash the eyes and did not realize that the nose of the sprinklers must be equipped with a filter inside.

**8. Finding Status: Remediated**

**Explanation:**

No cargo truck was found on the factory premises during this assessment. Management stated that the factory conducts regular checks on the physical condition of the cargo trucks used by the contractors when they arrive at the factory premises for loading or unloading. The access records showed that security had performed the inspection of the cargo trucks' conditions.

**9. Finding Status: Partially Remediated**

**Explanation:**

The factory does not provide safety guidelines to contractors. However, the factory has a policy to request that contractors follow the safety requirements when performing their work on the factory premises. [HSE.1]

**Root Causes:**

Lack of resources and time to develop this guideline, due to the person in charge being new and not being able to cover all parts of the remediation plan.

**10. Finding Status: Remediated**

**Explanation:**

No corroded scissors were found in the cutting section and all scissors were tied to the cutting table and in good condition.

**11. Finding Status: Not Remediated**

**Explanation:**

Currently only two staff members are available at the childcare center, and nine children were at the center at the time of assessment. There have not been any further complaints from the union or workers regarding the childcare center. [HSE.1, HSE.27]

**Root Causes:**

The local law has not clearly stated how many baby sitters are needed for such a number of kids in the childcare center.

Local Law or Code Requirement

Cambodian Labor Code, Articles 186, 229, 230, 239, and 240; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, and HSE.7)

Recommendations for Immediate Action

1. Replace these eyes wash equipment with a proper design equipped with a filter and keep the equipment clean at all time. Maintain the checklist to prove the equipment has been tested and maintained.
2. Develop safety guidelines for contractors, service provider, and visitors and transmit these safety guidelines to subcontractors and service provider before they perform work on the factory premise. Develop a program to brief visitors on the basic safety requirements when visiting or working in the factory, such as fire emergency protocols, where to use PPE, unsafe areas, etc.
3. Conduct a regular assessment to ensure that the child care center has sufficient manpower and space

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. Will do. Factory will try to find a certified party in Cambodia to conduct the test to confirm that the factory buildings are not made of materials related to asbestos and that the production processes do not use asbestos related materials. 2. Will do. Factory will source the protective covers, filters, noses from the eyewash machine suppliers and install as soon as possible. 3. Will do. Factory will update the Health & Safety policy and procedure progressively. Once finish, factory would share its Health & Safety policy and procedure to contractors to follow. 4. Will do. Currently, factory will not consider employing one more staff, as two staff are sufficient to well take care the nine children and no complaints are received from the workers regarding to the childcare center. However, factory will consider employing one more if necessary in the future. 01/03/20 update: Till now, we have 20 children and 2 nannies. They take care of the children quite well, and no complaints received so far. We interviewed the employee whose kids are in the childcare center, all showed that they are satisfied the current situation.

Company Action Plan Update

3. The factory has developed a safety guideline/policy for contractor.



See attached: #18.9\_Safety policy for contractor

## PREVIOUS FINDING NO.19

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The factory does not communicate the policies and procedures and their updates for the following Employment Functions to the general workforce: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Retrenchment, Industrial Relations & Freedom of Association, Grievance System, Environmental Protection, and Health & Safety.
2. The factory makes only a limited effort to make the Health & Safety related information and posters available to workers and line management, such as posting the Health & Safety related policy or training materials on the notice board.
3. The worker integration component is missing from all Employment Functions. This indicates that the factory has not established procedures to receive worker input and feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.6, ER.16, ER.25, ER.29, ER.30, and ER.32; Health, Safety & Environment Benchmark HSE.2; Compensation Benchmark C.17)

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

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

Explanation: The factory has trained and communicated the Rules and Regulations to all workers on October 17, 2016, trained and communicated all line leaders and supervisors on Workplace Cooperation on December 30, 2016, and trained selected workers on the Yee Tong Code of Conduct on October 9, 2017. The factory has not trained the general workforce on the policies, procedures, and updates for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Retrenchment, Industrial Relations & Freedom of Association, Grievance System, Environmental Protection, and Health & Safety. [ER.1, ER.16, ER.25, ER.27, ER.32, C.17]

Root Causes: A lack of resources and time to develop and provide the training due to the hiring of a new compliance person.

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

Explanation: As per the walkthrough the factory, there are Health & Safety related information and posters available to workers and line management, such as posting the Health & Safety related policy or training materials on the notice board, and PPEs sign to remind the worker using the PPEs the production floors. Thus, the factory at least tries to make an effort to inform and raise awareness on Health & Safety to the workers. However, during the factory tour, the assessors still found workers not fully implementing the PPE performance. [ER.1, HSE.1]

Root Causes: A lack of resources to implement and regular communication and monitoring Health & Safety to workers.

###### 3. Finding Status: Not Remediated

Explanation: The worker integration component is still missing from all Employment Functions. This indicates that the factory has not established procedures to receive worker input and feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes. [ER.1, ER.16, ER.25, ER.27, ER.32, C.17]

Root Causes: The factory management is not aware of the benefits of the workers integration component for

employment functions.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, and ER.32; Health, Safety & Environment Benchmark HSE.1; Compensation Benchmark C.17)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. Factory will update the internal policies and procedures to comply with FLA requirement, and provide training of the updated policies and procedures of the mentioned employment functions to all employees. 06/24/19: The policies were updated: Grievance, recruitment. The factory will arrange the training later. See attached SOP11a - Recruitment Policy 2019; SOP33 - Employee Grievance Procedure v4. 01/03/20 update: The factory has provided COC training to the workers on 30 July 2019, and specific grievance training to the workers on 24 Aug 2019. See attached: 2.2 Grievance Handling Procedure Training Minutes\_2019.08.2 2.2 YT COC Training Summary\_20190730

2. Will do. Factory will keep providing refresh training of PPE wearing to the workers, so as to increase their self-protection awareness. And the supervisors are required to enhance onsite monitoring during daily work as well. 06/24/19: The latest PPE training was conducted on 17 June 2019 for TS Cutting Section. See attached T-Cutting PPE Training 2019.06.17 3. Will do. Actually, workers are encouraged to give input and feedback for the factory operation via monthly PICC meeting, internal audit meeting, and grievance channel. But factory will create more channels for the communication between workers and the factory management. And factory will add the work integration component into internal policies and procedures. 06/24/19: The latest PICC meeting was conducted on 10 June 2019. The last Grievance training was conducted on 24 August 2018. The latest Internal Audit was conducted without the involvement of the workers but the results and concerns were delivered to the workers' representative as well. See attached Grievance Handling Procedure Training Minutes\_2018.08.24; PICC Meeting Minutes 2019.06.10

## PREVIOUS FINDING NO.20

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Review Process (Macro)

#### Finding Explanation

1. The factory does not conduct a periodic review and update of policies and procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety.

2. The factory does not update/renew all of its current permits according to legislation and FLA Workplace Code & Benchmarks.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.30, ER.31; Health, Safety & Environment Benchmark HSE.4)

## VERIFICATION RESULT

#### Finding Status

Remediated

#### Remediation Details

1. Finding Status: Remediated

Explanation:

The factory conducts a periodic review and update of policies and procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety.

2. Finding Status: Remediated

Explanation:

The factory updates/renews all its current permits according to legislation and FLA Workplace Code & Benchmarks.

## PREVIOUS FINDING NO.21

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

1. The factory reported that they did not receive written complaints or grievances through the confidential grievance channel, such as suggestion box. In most cases the grievances were verbally and settled directly by the management. There was no proper documentation in relation to the handling of the grievance process maintained.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.2)

### VERIFICATION RESULT

##### Finding Status

Partially Remediated

##### Remediation Details

1. Finding Status: Partially Remediated

Explanation:

The factory started collaborating with the worker representative to collect complaints and grievances from the suggestion box on a weekly basis in October 2017. However, there is still no proper documentation related to the handling of the grievances. [ER.2, ER.25]

Root Causes:

The facility has yet to establish a system to properly document the handling process of the complaints and grievances. The general workforce lacks awareness and confidence in the grievance channels at the facility.

##### Local Law or Code Requirement

FLA Workplace Benchmark (Employment Relationship Benchmarks ER.2 and ER.25)

##### Recommendations for Immediate Action

1. The facility has yet to establish a system to properly document the handling process of the complaints and grievances.
2. The general workforce is lacking awareness and confidence on the grievance channels at the facility.

### COMPANY ACTION PLANS

Action Plan no 1.

##### Description

1. Done. Factory has a grievance log to record the time, content, solution, and follow up of the grievance received. See attached - #21-1. EG 2017 Grievance Log

## New Findings and Action Plans

### NEW FINDING NO.1

### IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Compensation

### Finding Explanation

1. During the two-month probation period, all new workers are paid a basic wage of USD 148 per month before becoming regular workers. Workers that have completed the probation period are paid USD 148 per month. Cambodia has a lower minimum wage for workers in the probationary period (USD148) than for full employees (USD153). Therefore, the factory is following local law, but violating the FLA Workplace Code of Conduct. ER.1, [C.2]

### Local Law or Code Requirement

Labor Law, Article 166; FLA Workplace Code (Employment Relationship Benchmark ER.1; Compensation Benchmark C.2)

### Root Causes

1. The management and the compliance team are not familiar with the FLA benchmarks and do not have the knowledge and resources to review the compensation system.

### Recommendations for Immediate Action

1. Pay probationary workers at the same rate as permanent workers (at least the minimum wage which applies to regular workers at USD 153) and provide them with the same benefits as regular workers.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. Currently, factory will keep the practice that pay accordingly to the local law. But factory will consider FLA's suggestion in the future. 11/27/2019: Factory's bonus system is based on workers' min wage. It means probation workers with lower barrier to get the bonus compared to regular workers. So that we provide wages for all workers fairly. 01/03/20 update: Factory started to use FLA fair compensation tool to collect and make analysis on workers wage data, and will keep using it for factory compensation and benefit system improvement.

## NEW FINDING NO.2

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Recruitment, Hiring & Personnel Development

### Finding Explanation

1. The recruitment advertisement for ironing, panel QC and cutting position, released on June 29 2017, requires applicants to be between 18 and 35 years old. [ER.3, ND.1, ND.2] 2. The job application form for all positions include questions on race, nationality, marital status, place of birth, parent name, and spouse name. Although there is no evidence of this information being used for discriminatory purposes, this practice poses a risk of discrimination. [ER.3, ND.1, ND.2] 3. There are no job descriptions for any of the positions at the factory. [ER.1]

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship benchmarks ER.1 and ER.3; Non-discrimination Benchmarks ND.1 and ND.2)

### Root Causes

1. The new members of management and the compliance team are not familiar with the FLA benchmarks and do not have the knowledge and resources to review the current recruitment and hiring system.

### Recommendations for Immediate Action

1. Remove the age requirement on the recruitment advertisement. Train HR personnel on the non-discrimination policy regarding recruitment. 2. Remove any questions that could lead to discriminatory practices, such as race, nationality, marital status, place of birth, parent name, and spouse name.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. The mentioned recruitment advertisement has been removed immediately. And factory will provide refresh training of recruitment & hiring policy and Yee Tung CoC to the supervisors including HR personnel to emphasize that any kinds of discrimination is not allowed. 06/24/19: The management has posted 3 job ads via CamHR portal, and the hiring requirements did not mention about the applicants' age. The management will ensure the hiring personnel are aware of their obligations under the law and are dedicated to a fair process during hiring to avoid any unnecessary and potential discriminatory languages in the job description and interview process such as age, race and gender, unless they are part of the genuine requirements of the job, so that it is not limiting the options in the market by not seeking a wider range of applicants. See attached SOP11a-- Recruitment Policy 2019; Recruitment ads; Recruitment ads 2; Recruitment ads 3 2. Will do. Factory collects the mentioned information of the candidates is used to conduct background check as the requirement of CTPAT. Factory shall make sure the person is reliable and without any threats to the safety of the whole factory and employees. The mentioned information would not be used for discriminatory purpose. Only working experience, capability, and efficiency are the determinate elements to be considered if the person can be recruited. Factory will review the application form and remove the elements if unnecessary. And factory will keep treating equally to every candidate. 06/24/19: The information collected not just for CTPAT background check but also act as an emergency contact and information purposes. The workers also required to provide a stand alone background check document to the HR personnel to avoid any other potential discrimination elements. 3. Will do. Factory will draft the job descriptions for each position and improve it progressively. 06/24/19: The job description for each department/section was drafted. See attached Job description

## NEW FINDING NO.3

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

1. 38 workers have joined two unions at the same time while working in the factory. However, the Cambodian Union Law states that a worker can be a member of only one union in the same establishment. If a worker is already a member of a particular union joins another union in the same establishment, the new union shall notify the employer and the worker concerned should become a member of the new union. [FOA.1]

#### Local Law or Code Requirement

Union law, NS/RKM/0516/007, Chapter 7: Rights and Duties of Unions Article 49: Rights of Membership in a Union; FLA Workplace Code (Freedom of Association Benchmark FOA.1)

#### Root Causes

1. The new members of management and compliance team are not aware of the Cambodia Union Law. The workers are not informed of this regulation.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Will do. Factory will communicate the related legal requirement to all workers. And factory will inform the workers who join two

unions, and let them quit one based on their personal wills. 06/24/19: The workers who joined 2 unions or more are now resigned from the union(s) and remain one based on their personal wills. See attached Resigned from double unions 2019\_CCAWDU; Resigned from double unions 2019\_KWPFTU; Resigned from double unions 2019\_UCL; Resigned from double unions 2019\_YAFU