



## Verification Assessment

COMPANIES: Fenix Outdoor International AG

COUNTRY: Vietnam

ASSESSMENT DATE: 09/24/18

ASSESSOR: Global Standards

PRODUCTS: Accessories [items, such as handbag clasps, that are affixed to other products]

NUMBER OF  
WORKERS: 300

## Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Previous Report Findings and Verification Results

### PREVIOUS FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. The factory does not have written policy on Termination & Retrenchment.
2. There is only written procedure on Termination but not Retrenchment. The method of calculation termination payouts, including severance allowance is included in the factory's termination procedures and Workplace Conduct; however, there is no policy to pay severance allowance for the period that workers were not enrolled in unemployment insurance (i.e. maternity leave).
3. The factory does not provide specific training to supervisors and managerial staff on the factory's procedures regarding Termination & Retrenchment.
4. There is no process to review policies and procedures on Termination & Retrenchment to ensure that relevant procedures are in compliance with legal requirements and FLA Workplace Code and Benchmarks.

##### Local Law or Code Requirement

Article 36 of the Vietnamese Labor Code; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.17, and ER 32.1)

#### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

1. Finding Status: Not Remediated

##### Explanation:

Based on the document review, relevant worker and management interview, it is noted that the factory has established a simple compliance statement, following its Brand Code of Conduct for all relevant term of Social Compliance. However, there is no specific written policy for Termination & Retrenchment established at the factory. [ER.32]

##### Root Causes:

1. The factory management is not well aware of relevant FLA Workplace Code and Benchmarks and does not know how to establish policies covering all FLA management functions.
2. There is no regular management review conducted.

2. Finding Status: Partially Remediated

##### Explanation:

Based on the document review, worker and management interview, it is noted that the factory has established procedure to calculate termination payout including severance allowance for workers. However, there is no procedure on Retrenchment. The procedure for termination is very simple and does not cover all steps required by law. The flow chart does not explain how and when each step of the procedure should be done, and who takes responsibility for each step. The procedure only mentions on the resignation. There is no procedure for dismissal, or expiration of labor contracts. Besides that, this procedure has not been reviewed since March 2016. [ER.32]

Root Causes:

1. The factory management does not understand relevant FLA Workplace Code and Benchmarks.
2. There is lacking personal to handle for all relevant management functions.
3. There is no regular management review conducted on the factory management system.

3. Finding Status: Not Remediated

Explanation:

Based on the relevant training record review, worker and management interview, it is noted that there is training conducted on June 30, 2016 for supervisors and managerial staffs for Termination along with all other management functions. However, there is no training materials established due to missing of relevant established policies and procedures. There is no procedure established to guide for the training at the factory either. As a result, there is no training conducted from June 2016 to the assessment dates in September 2018. Relevant interviewed supervisors and staffs were not fully aware of the relevant policies and procedures of Termination & Retrenchment. [ER.17]

Root Causes:

1. There is lacking personal responsible for relevant management functions.
2. The factory management is not fully aware of relevant FLA Workplace Code and Benchmarks and e is missing of the relevant procedures to guide implementation.
3. There is no regular review of senior management on the factory management system.

4. Finding Status: Not Remediated

Explanation:

Based on the document review, relevant worker and management interview, it is noted that there is no process to review policies and procedures on Termination & Retrenchment to ensure that relevant procedures are in compliance with legal requirements and FLA Workplace Code and Benchmarks, and there is no management review for all policies and procedures including the policies and procedures for Termination & Retrenchment at the factory. Most of the procedures were established in 2016 and none have been reviewed or updated since. [ER.1]

Root Causes:

1. There is lacking personal responsible for relevant management functions.
2. The factory management is not well aware of relevant FLA Workplace Code and Benchmarks and there is missing of the relevant procedures to guide for implementation.
3. There is no regular review of senior management on the factory management system.

Local Law or Code Requirement

The Vietnam Labor Code, Articles 36 to 45. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17 and ER.32)

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

1. The factory wrote policy for Termination & Retrenchment.

2.

a. The factory pays severance allowances to maternity workers or takes sick leave if they stop working. Records were kept by HR staff. The HR manager is responsible for monitoring and managing this issue.

b. The procedure for dismissal wrote on Nov.29.2018

3. The factory wrote policy and procedure but due to busy for production in high season, not have time training for manager and supervisors. Training plan will be implement in June 2019

4. Done. Pls refer attached file

## PREVIOUS FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. The factory has written policy on Industrial Relations & Freedom of Association, but there are no written procedures.
2. There is no specific training for relevant supervisors on Industrial Relations.
3. The factory has a trade union under the Vietnam General Confederation of Labor (VGCL) that was established in 2011. The current union chair was elected for the term of 3 years (2011 – 2014) and extended to 2017. Workers elected the representatives of their department. These representatives then elected the Executive Committee comprised of 15 persons. The Board then elected the chairwoman, who is working at the Business Department.
4. Workers do not sign an application to join the union, but they are automatically enrolled as union members upon signing the labor contract. The factory deducts a union fee from the workers' monthly salary without the workers' written consent, in accordance with local law and practice.
5. The factory does provide a meeting room for the union upon request, but there is no designated office with the necessary equipment for the union to conduct daily meetings and for the union representatives to perform their functions.
6. The factory does not arrange consultation meetings with workers or worker/union representatives before management reaches any final decisions on layoffs.
7. Workers are not provided with a copy of the Collective Bargaining Agreement (CBA) and about 90% of the interviewed workers were completely unaware of the content of the CBA.
8. There are written democratic regulation and dialogue mechanism. Dialogue meetings were organized every 3 months between management and Union board only; there is no worker representation in these meeting.
9. FLA Comment: Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that "the rights of workers to establish organizations of their own choosing implies... the effective possibility of forming... [trade union] independent both of those which exist already and of any political party." Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association.

##### Local Law or Code Requirement

Vietnam Decree No. 60/2013/ND-CP, Clause 3, Article 63 of the Labor Law on the Implementation of Democracy Regulation at the Working Place; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16.2, ER.17, ER.25, and ER.32; Freedom of Association Benchmarks FOA.2, FOA.19, and FOA.24)

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

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

###### Explanation:

Based on document review and management interview, it is found that there is no policy and procedure on Industrial Relations and Freedom of Association established at the factory. The factory only has a simple statement regarding the Discipline and Freedom of Association in the Code of Conduct. [ER.1, ER.25]

###### Root Causes:

1. The factory management does not understand relevant FLA Workplace Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. No regular management review is conducted on the factory management system.

###### 2. Finding Status: Not Remediated

###### Explanation:

Based on document review and management interview, it is found that there is no specific training provided to supervisors and managerial staffs for Industrial Relations due to missing of relevant policies and procedures. There is also no training procedure to see what, how and when the relevant training is conducted at the factory. [ER.17]

###### Root Causes:

1. The factory management does not understand relevant FLA Workplace Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. No regular management review is conducted on the factory management system.

3. Finding Status: Not Remediated

Explanation:

Based on document review, worker and management interview, it is found that the factory has a trade union under the Vietnam General Confederation of Labor (VGCL) that was established in 2011. The current union chair was elected for the term of 5 years (2016 - 2021). Workers elect the representatives from their department, who then elect the Executive Committee which is comprised of 15 persons. The Board then elects the chairwoman, who works as the Leader of Computer Sewing Section. The dialogue is said to be conducted with worker representative but there is no record of the attendant list or other proof. [FOA.1]

Root Causes:

1. The local law only allows one Labor Union.
2. The Labor Union in Vietnam factory is not independent from the factory management.

4. Finding Status: Remediated

Explanation:

Based on the document review, relevant worker and management interview, it is noted that after probation time, factory gives workers an application form to join labor union, worker shall fill in the form if they want to join and agree monthly union fee deductions. Interviewed workers confirmed that they understood the implementation of Freedom of Association, did not feel pressured to join the union, and agreed with the current practice of the factory.

5. Finding Status: Partially Remediated

Explanation:

Based on the management interview, factory explained that they arrange a room for the Labor Union to use when they have union activities or meeting. However, based on the site tour inspection, it is noted that this room is mostly used for final inspection of products. There is no sign that the room is designated for Union activities. Workers and Union members confirmed during the interview that the final inspection of products is priority, and only in cases when the room is free, the Labor Union can use the room for meetings. In actuality, labor Union meetings are very rare. [FOA.15]

Root Causes:

1. The local law only allows one Labor Union.
2. The Labor Union in Vietnam factory is not independent from the factory management.

6. Finding Status: Not Remediated

Explanation:

The established relevant procedures for Termination and Labor Discipline are incomplete. They are too simple and do not cover all requirement for a process to have meeting, consultation with relevant parties including Labor Union when handling Labor discipline. The relevant workers and supervisors' interview showed that there is a lack of effective training regarding the Termination and Labor Discipline procedures. There have been no cases of layoffs found or reported during the last 12 months. [ER.32]

Root Causes:

1. The factory management does not understand relevant FLA Workplace Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. There is missing of required policies and procedures for the training needs.
4. No regular management review on the factory management system is conducted.

7. Finding Status: Partially Remediated

Explanation:

1. Based on the document review, relevant worker and management interview, it is noted that workers are not provided with copies of the Collective Bargaining Agreement (CBA) and there is still about 30%- 40% of the interviewed workers (both new and permanent workers) unaware of the content of the CBA. [FOA.16.2]

Root Causes:

1. The factory management does not understand relevant FLA Workplace Code and Benchmarks.
2. The training and communication are not conducted or conducted but they are not effective.
3. There is no regular management review on the factory management system.

8. Finding Status: Partially Remediated

Explanation:

The factory conducted dialogue with workers on July 3, 2018. Based on the record review, 3 workers attended the dialogue but there was no worker attendant list or signatures kept. Interviewed workers indicated they were not really aware of the dialogue conducted. [FOA.1]

Root Causes:

1. The factory does not understand relevant FLA Workplace Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. There is missing of required policies and procedures on how to conduct the dialogue with workers.
4. No regular management review on the factory management system is conducted.

9. Finding Status: Not Remediated

#### Explanation:

FLA Comments: The Vietnam constitution guarantees Freedom of Association. However, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – The Vietnam General Confederation of Labor (VGCL). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in Vietnam fall short of the ILO standards on the right to organize and bargain collectively. FOA.2

#### Local Law or Code Requirement

Decree No. 60/2013/ND-CP, Clause 3; Chapter V, XIII of the Vietnam Labor Code, Articles 63, 118, 123, 125 and 126. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, ER.25 and ER.32; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.15 and FOA.16.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory established trade unions under the guidance of the superior federation and under the trade union law passed by the parliament. The policy provided to auditors.
2. Recruitment and training policies, trade law training courses have been trained for supervisors and managers at the factory. Pls refer the training records.
3. Minutes of counting votes for union executive committee and union president. Pls refer attached file.
4. The factory has a separate meeting room for the union when they need.
5. Before dismissing a disciplined worker, the meeting is always attended by union representatives, management and litigants. After consulting before dismissing a disciplined worker, the meeting is always attended by representatives of workers, union representatives, management and litigants. After consulting and asking members and factories to make disciplinary decisions
6. CBA was posted on noticeboard at the factory. Workers will ask the union leader directly if they are not clear.
7. 04 workers who are selected representative for workers in the regular dialogue in the meeting between managing representative and worker/ union representative. They are in the Performance improvement consultative committee (PICC). Pls refer attached file.

## PREVIOUS FINDING NO.3

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

#### Finding Explanation

1. There are written policy and procedures on Workplace Conduct & Discipline. However, the factory does not periodically review the Workplace Conduct/Discipline policy and procedures and does not make sure that they are updated according to local law and FLA Code requirements.
2. The factory has not provided training on the disciplinary procedures to supervisors or relevant HR staff.
3. Factory does not comply with local law in terms of the decision-making process regarding disciplinary actions. According to Article 30.4 of the Decree 05/2015/ND-CP regarding the implementation of some Articles of the Labor Code, the person signing the labor contract as prescribed in Points a, b, c and d Clause 1 Article 3 of this Decree is the person competent to make the decision on labor discipline towards employees. The person is authorized to conclude the labor contract just has the competence to handle the labor discipline in the form of reprimand. However, Point 2.3.2 of the factory's registered Labor Regulations state that either the employer or the authorized person can decide on the other forms of discipline.
4. The factory's disciplinary practices do not comply with FLA Benchmark. The disciplinary records and decisions were posted on the



bulletin board with names of workers subject to disciplinary actions, and read out loud through the speaker system. In addition, the factory does not provide any disciplinary decision to workers, violating local law requiring factories to send written disciplinary actions to workers.

5. In one case a breastfeeding worker was disciplined (warning) due to be absence without permission. This is not in compliance with Article 123.4d of the Labor Law that does not allow employers to discipline workers during pregnancy and breastfeeding period.

#### Local Law or Code Requirement

Vietnamese Labor Code on Discipline and Material Responsibility, Decree No. 05/2015/ND-CP on the Implementation of the Labor Code; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.27.2, and ER.27.3; Harassment and Abuse Benchmarks H/A.6 and H/A.10)

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

#### 1. Finding Status: Not Remediated

##### Explanation:

Based on the document review and management interview, it is noted that there is no policy on Workplace Conduct & Discipline. There is a procedure for Workplace Conduct & Discipline, but it is too simple and incomplete. The procedure is not detailed on how to handle each case of labor discipline, how to arrange meeting with relevant parties including workers, labor union etc. There is no regular review process, so this procedure has not been reviewed or updated since January 2016. [ER.27.1]

##### Root Causes:

1. The factory management does not understand relevant FLA Workplace Code and Benchmarks.
2. Missing the update of laws.
3. There is no staff assigned officially to be responsible for this function.
4. No regular management review on the factory management system is conducted.

#### 2. Finding Status: Partially Remediated

##### Explanation:

Based on the document review and management interview, the records showed that the factory conducted the training for 40 supervisors and managerial staff on June 30, 2016. No other refresher training has been conducted since then. There is no policy and procedure for trainings that need to be provided for supervisors at the factory. There are no training materials, training photos, or training plan documented. Interviewed leaders indicated very little understanding about the Workplace Conduct & Discipline procedure. [ER.17]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. Missing an established training guidance.
3. There is no staff assigned officially to be responsible for this function.
4. No regular management review on the factory management system is conducted.

#### 3. Finding Status: Partially Remediated

##### Explanation:

1. Based on the document review, relevant worker and management interview, it is noted that the factory has regulations about the rights to sign the Labor discipline decision in Article 4 of the Labor discipline procedure dated January 2016. This is not regulated in the factory labor rules. Through the document review and relevant staff and worker interview, it is noted that the factory does not issue Labor discipline decisions for Labor discipline cases as being required by law. The factory only records minutes for violation cases. There is no record to prove the meeting is conducted with relevant parties including Labor union, workers and factory representative during the discipline handling process.

[ER.1, ER.27.3]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is missing of law update.
3. Missing comprehensive established labor discipline procedure.
4. There is no staff assigned officially to be responsible for this function.
5. No regular management review on the factory management system is conducted.

#### 4. Finding Status: Partially Remediated

##### Explanation:

1. Based on the document review and relevant staff and worker interview, it is noted that the factory does not issue labor discipline decision as being required by law. The factory only makes the minutes for violation cases. There is no record to prove the meeting is conducted with relevant parties including Labor union, workers and factory representative during the discipline handling process.

[ER.27.3]

2. Based on the site tour inspection, it is noted that the factory has stopped posting Labor discipline cases on the public board and do not read out loud the disciplinary decisions through the speaker system. Worker interviews confirmed the above practice of the factory.

#### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. Missing of law update.
3. Missing comprehensive established labor discipline procedure.
4. There is no staff assigned officially to be responsible for this function.
5. No regular management review on the factory management system is conducted.
5. Finding Status: Not Remediated

#### Explanation:

1. The factory still has not updated the procedures to verify and have exemption for eligible workers (pregnant workers and child bearing workers) as required by law. Interviewed workers, especially male workers, did not know about the relevant requirement regarding the exemption for labor discipline. There were no violations found or reported during the assessment regarding the labor discipline exemption for pregnant workers and child bearing workers. [ER.1, ER.27.3]

#### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. Missing of law update.
3. Missing comprehensive established labor discipline procedure.
4. There is no staff assigned officially to be responsible for this function.
5. No regular management review on the factory management system is conducted.

#### Local Law or Code Requirement

The Vietnam Labor Code, Articles 123 and 124; The Decree No. 05/2015/ND-CP, Articles 29, 30 and 31. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17, ER.27.1 and ER.27.3)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The disciplinary process is re-made in accordance with Decree 148/2018-ND-CP. The

Workplace Conduct & Discipline policy was trained for workers on Feb.18,2019.

2. The factory trained to supervisors and HR staff on Feb.18.2019

3. The factory updated discipline according to the order of the law.

4. the factory issued labor discipline decision(enclosed file)

5. The Workplace Conduct & Discipline policy was trained for workers on Feb.18,2019.

## PREVIOUS FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Grievance System

#### Finding Explanation

1. The factory has written policy and procedures on Grievance System. However, the factory does not regularly review the policy and procedures on Grievance System.
2. The factory has not provided specific training for supervisors on Grievance System.
3. The written Grievance procedures do not include a non-retaliation policy to protect workers who raise complaints.
4. The factory does not maintain documentation in relation to grievance process. Additionally, the factory does not communicate



regularly on the Grievance system policies and procedures and their updates to the general workforce.

#### Local Law or Code Requirement

Vietnam Decree No. 04/2005/ND-CP on the Implementation of Labor Grievances; FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.2, ER.16, and ER.25.2)

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

1. Finding Status: Not Remediated

##### Explanation:

Based on the document review, relevant worker and management interview, it is noted that the Grievance procedure is too simple and does not cover the requirements for anonymous reporting, investigation and record keeping. There is a flowchart without explanation on when, what to do for each step of the procedure, and who takes responsibility for each step. There are no date and signature on the procedure. There is no regular review process for established procedure. [ER.25.3]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. No regular management review on the factory management system is conducted.

2. Finding Status: Not Remediated

##### Explanation:

Based on the document review and management interview, the records showed that factory conducted the training for 40 supervisors and managerial staffs on June 30, 2016, without any refresher training since then. There is no policy and procedure for training needs to be provided for supervisors at the factory. There are no training materials, training photos, or training plans kept for review. Interview with leaders indicated very little understanding on how to handle grievances and the requirement for Grievance Systems. [ER.17]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. Missing established training guidance.
3. There is no staff assigned officially to be responsible for this function.
4. No regular management review on the factory management system is conducted.

3. Finding Status: Not Remediated

##### Explanation:

Based on the document review, relevant worker and management interview, it is noted that the Grievance procedure is incomplete and not covering the requirement for anonymous, investigation and record keeping. There is no regulation on non-retaliation policy in the procedure. There is only a flowchart without explanation on when, what to do for each step of the procedure, or who to take responsibility for each step. [ER.25.3]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. No regular management review on the factory management system is conducted.

4. Finding Status: Not Remediated

##### Explanation:

Based on the document review, relevant worker and management interview, it is noted that there is no record in relation to grievance process. The factory explained that there were no cases of grievance in the last 12 months. However, interviewed worker indicated that there were several cases which workers had suggestions and comments with their leaders and HR, not all of these were resolved.

Through the interview, it is noted that workers know that they could use suggestion boxes or go directly to HR staff to report their concerns, adding that they were communicated and trained when they joined the company, but the training was provided a long time ago when workers first joined the factory so they could not remember clearly. [ER.2, ER.25.3]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. No or ineffective training was conducted.
4. No regular management review on the factory management system is conducted.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2, ER.17 and ER.25.3)

## COMPANY ACTION PLANS

## Action Plan no 1.

### Description

1. The factory has set up the policy and procedures on Grievance system and trained for supervisors & managing staffs.
2. Supervisors & managing staffs were trained on Feb.18.2019. Pls refer attached records.
3. The factory trained to supervisors and managing staffs on Feb.18.2019
4. Grievance process was updated on Dec.28,2018 and trained on Feb.19.2019

## PREVIOUS FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. There are no written policies and procedures on promotion, demotion, and job reassignment that are transparent and fair in their implementation.
2. There is no a written job description prepared for any positions when personnel need to be hired.
3. The factory does not provide specific training for relevant supervisors on Recruitment, Hiring & Personnel Development.
4. The factory does not provide ongoing training for employees on Recruitment, Hiring & Personnel Development.

##### Local Law or Code Requirement

Vietnam Decree No.05/2015/ND-CP, Article 14; Law on Social Insurance, Article 117-1 and Decision No. 919/QĐ-BHXH; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.29, and ER.30)

### VERIFICATION RESULT

##### Finding Status

Not Remediated

##### Remediation Details

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

###### Explanation:

Through the document review, it is noted that there are relevant policies established in April 2016 but there are no written procedures for Personal Development including promotion, demotion, and job reassignment that are transparent and fair in the implementation. The factory only has a very simple procedure for Recruitment. This procedure is also not detailed to cover all steps of the Hiring and Recruitment process in compliance with FLA Workplace Code and Benchmarks. The procedure has not been reviewed or updated since January 2016. Workers did not show understanding on the relevant policies and procedures during the interview. [ER.1]

###### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. No regular management review on the factory management system.

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

###### Explanation:

Based on the document review and management interview, the factory provides some copies of job descriptions for production leader

position only. However, these are not complete. They are missing required information such as company name, position, issued date, working experience etc. There are no job descriptions established in written for all the other positions in the factory. [ER.1.1]

### 3. Finding Status: Not Remediated

#### Explanation:

Based on the document review and management interview, the records showed that factory conducted the training for 40 supervisors and managerial staff on June 30, 2016, no other refresher training has been conducted since. There is no policy and procedure on training that needs to be provided for supervisors in the factory. There are no training materials, training photos, training plan kept for review. Leaders who were interviewed indicated very little understanding on how to handle the hiring process and there was a lack of knowledge on the relevant requirements for the hiring process. [ER.17]

#### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. Missing established training guidance.
3. There is no staff assigned officially to be responsible for this function.
4. No regular management review on the factory management system is conducted.

### 4. Finding Status: Not Remediated

#### Explanation:

Based on the document review and management and worker interview, it was noted that there is no procedure to regulate when, how and who is responsible for implementing training at the factory. The factory provided training attendants list dated July 21, 2018 with the title "training for Labor law, Insurance law and Occupational, health and safety law". However, there was no other relevant training records, such as materials, evaluation and training plan provided for review. Interviewed workers showed basic understanding on the Recruitment policy. For Personal Development policy, they had no knowledge. The factory's responsible person confirmed that they provide a very basic training that does not cover all the employment functions. [ER.28]

#### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. Missing established training guidance.
3. There is no staff assigned officially to be responsible for this function.
4. No regular management review on the factory management system is conducted.

#### Local Law or Code Requirement

The Vietnam Labor Code, Articles 6 and 7. FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.17 and ER.28)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. a. Factory provide a written policies and procedures on Personal Development including promotion, demotion, and job reassignment that are transparent and fair in the implementation.
- b. Factory has arranged training for relevant policies and procedures.
2. Factory has provide a written job description prepared for all positions when personnel need to be hired. Required information such as company name, position, issued date, working experience etc.
3. Training plan will be implemented in June 2019
4. Training plan will be implemented in June 2019

## PREVIOUS FINDING NO.6

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Hours of Work

### Finding Explanation

1. The factory does not provide specific training for the relevant supervisors/other production staff on Hours of Work.
2. The factory does not provide ongoing training for employees on Hours of Work.

### Local Law or Code Requirement

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

## VERIFICATION RESULT

### Finding Status

Partially Remediated

### Remediation Details

1. Finding Status: Partially Remediated

Explanation:

FINDING NO.6

Based on document review and management interview, the records showed that the factory conducted training for 40 supervisors and managerial staff on June 30, 2016. No other refresher training has been conducted since. There is no policy and procedure for trainings that need to be provided for supervisors at the factory. There are no training materials, training photos, training plan kept for review. Interview leaders indicated basic understanding of the requirements for Hours of Work. [ER.17]

Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. Missing established training guidance.
3. There is no staff assigned officially to be responsible for this function.
4. No regular management review on the factory management system is conducted.

2. Finding Status: Partially Remediated

Explanation:

Based on document review, management and worker interview, it is noted that there is no procedure to regulate when, how and who for the training implementation at the factory. The factory provided training attendant list dated July 21, 2018 with the title "training on Labor law, Insurance law and Occupational, health and safety law". However, there is no other relevant training records such as materials, evaluation and training plan kept/ provided for review. Interviewed workers showed basic understanding on the requirements for Working Hours and Overtime. The factory's responsible person confirmed that now they just have a very basic training but no detailed training to cover all functions. [ER.1, ER.28]

Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. Missing established training guidance.
3. There is no staff assigned officially to be responsible for this function.
4. No regular management review on the factory management system is conducted.

### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

Training plan will be implement in June 2019.

## PREVIOUS FINDING NO.7

## SUSTAINABLE IMPROVEMENT REQUIRED

## FINDING TYPE: Policies & Procedures (Macro)

#### Finding Explanation

1. The factory does not have written policies for the following Employment Functions: Personnel Development, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Grievance System.
2. The factory does not have written procedures for the following Employment Functions: Personnel Development, Termination & Retrenchment, Industrial Relations & Freedom of Association, and Workplace Conduct & Discipline.

#### Local Law or Code Requirement

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

### VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

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

##### Explanation:

Based on the document review and management interview, it is noted that the factory has established a simple policy for Personnel Development in April 2016. However, the factory still does not have written policies for the following Employment Functions: Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, and Grievance System. [ER.1, ER.25, ER.27, ER.29, ER.32]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for these functions.
3. No regular management review on the factory management system is conducted.

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

##### Explanation:

Based on the document review and management interview, it is noted that the factory has established procedure for Termination, but it is not complete and is too simple. The procedure is made up of a flow chart without an explanation on how, when each step of the procedure should be done, and who is responsible for taking responsibility for each step. The procedure only mentions resignation, there is no procedure for dismissal, or expiration of labor contracts. There is a procedure for Workplace Conduct & Discipline, but it is too simple and incomplete either. The procedure is not detailed with how to handle each case of labor discipline, how to arrange meeting with relevant parties including workers, Labor union and record keeping. The factory still does not have written procedures for the following Employment Functions: Personnel Development, Retrenchment, and Industrial Relations & Freedom of Association. [ER.1, ER.25, ER.27]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for these functions.
3. No regular management review on the factory management system is conducted.

#### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Factory has a written policies for the following Employment Functions.
2. Trained. Pls refer the pictures, factory has assigned officially to be responsible for these functions. And regular management review on the factory management system is conducted.

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The factory does not provide specific training for relevant supervisors on the following employment functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, and 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, Hours of Work, Termination & Retrenchment, Workplace Conduct & Discipline, and Environmental Protection.
3. The factory does not provide training on disciplinary procedures to relevant HR staff.

#### Local Law or Code Requirement

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

## VERIFICATION RESULT

#### Finding Status

Partially Remediated

#### Remediation Details

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

##### Explanation:

Based on the document review and management interview, the records showed that factory conducted the training for 40 supervisors and managerial staffs on June 30, 2016 on established policies and procedures for relevant Employment Functions, but no refresher training has been conducted since. There is no policy and procedure on the training that needs to be provided for supervisors in the factory. There are no other relevant records such as training materials, training photos, training plan kept for review. Interviewed leaders indicated either none or very little understanding on relevant Employment Functions. [ER.17] Besides that, the factory does not provide specific training for relevant supervisors on the following Employment Functions: Personnel Development, Retrenchment, and Industrial Relations.

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. There is missing of required policies and procedure.
4. No regular management review on the factory management system is conducted.

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

##### Explanation:

Based on the document review, management and worker interview, it is noted that there is no procedure to regulate when, how and who is responsible for implementing trainings at the factory. The factory provided assessors with a training attendant list dated July 21, 2018 with the title "training on Labor law, Insurance law and Occupational, health and safety law" and explained that this was training for relevant functions including Recruitment, Hiring, Hours of Work, Termination, Workplace Conduct & Discipline, and Environmental Protection. However, there is no other relevant training records such as materials, evaluation and training plan kept or provided for review. Interviewed workers showed basic or no understanding about the relevant policies and procedures. The factory's responsible person confirmed that they have a very basic training but no detailed training covering all Employment Functions. Besides that, the factory does not provide ongoing training for employees on the following Employment Functions: Personnel Development, Industrial Relations, and Retrenchment. [ER.1, ER.28]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. No regular management review on the factory management system is conducted.

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

##### Explanation:

Based on the document review and HR staff interview, the records showed that factory conducted the training for 40 supervisors and managerial staffs including HR staffs on June 30, 2016 for all relevant functions including Labor Discipline, no other refresher training has been conducted since. There is no policy and procedure on trainings that needs to be provided for supervisors at the factory. There were no other relevant records such as training materials, training photos, training plan kept for review. HR indicated that they understand basic requirement for Labor Discipline requirement based on the local law. [ER.17]

##### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. No regular management review on the factory management system is conducted.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory trained for relevant supervisors for employment functions
2. Training plan will be implement in June 2019.
3. The factory trained for relevant supervisor and HR staffs

## PREVIOUS FINDING NO.9

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The fire police requires the factory to install automatic fire fighting systems, such as sprinklers throughout the factory. Despite some reminders, the factory has failed to develop a plan to comply.
2. The factory does not properly and regularly maintain its fire-fighting equipment. On the first day of assessment, the gas fire pump did not work when tested. Note: On the second day of assessment, the gas fire pump was working again.
3. The factory did not have a backup battery for the fire alarm and smoke detector system in the material warehouse. Note: The battery was replaced on the second day of the assessment. The factory had ordered the battery on November 16, 2015 and installed the battery on November 24, 2015, on the second day of the assessment. The factory did not keep any maintenance logs for any firefighting equipment, including regular checks on backup battery, gas fire pump, and fire extinguishers.
4. The factory does not have a smoke detector system in the material warehouse.
5. One fire extinguisher pressure gauge was discharged, although it had just been checked and at least two others had not been inspected recently. Thus, inspection and maintenance procedures need improvement.
6. The factory does not keep records of testing, checking or maintenance of the fire alarm, fire pump, and emergency/exit lights. The factory does not commission a qualified third party to conduct a fire risk assessment and a regular test of the fire alarm system. Maintenance and service records also lack procedures for the control and maintenance of pumps, air compressors, and the generator.
7. The fire alarm does not cover all areas of high risk, such as canteen/cooking gas storage area, the finished warehouse, and the chemical storage area. Smoke detectors are only available in the material warehouse. Additionally, most of the fire alarms throughout the factory are not clearly identifiable and marked as such.
8. There is only one exit stair available for the mezzanine sample room where approximately 50 people work. Local law requires at least two exit stairs for areas that are occupied with more than 15 people.
9. The factory (leased from landlord) has only 1 building permit on file (2003) for a single story building of 6500m2. Thus, the factory has more stories/areas than described in the building permit. Additionally, the factory does not have building permits or a building structural analysis for all other buildings and added mezzanine structures.
10. The factory's no-smoking policy is not posted or effectively enforced, posing a potential fire risk.
11. Posted evacuation plans lack several key elements and need updating: Most fire alarm buttons were not marked, no location marking for "you-are-here", and assembly areas were wrongly marked on the evacuation map located in the driveway where they would effectively block emergency vehicle access.

#### Local Law or Code Requirement

Vietnam Building Codes and Decision 255/QĐ-UB 1997 (Binh Duong); Decree 18/2015/ND-CP; Circular 26/2015/TT-BTNMT; Circular 27/2015/TT-BTNMT; Vietnam Standards Decree on Evacuation Exit Requirements, TCVN 2622; FLA Workplace Code and Benchmarks (Health, Safety & Environment Benchmarks HSE.4, HSE.5, HSE.6, and HSE.25)



## Recommendations for Immediate Action

1. Comply with all applicable local fire regulations and inspections, as required by the local fire police. Complete the installation of adequate fire systems and develop plans to comply with fire inspections for the factory's older buildings.
2. Review the fire alarm plan and insure that the alarm system covers all high-risk areas. Arrange for a licensed third party to conduct a fire risk assessment and a regular test of the fire alarm system.
3. Ensure that all fire alarm and fire-fighting equipment is checked and properly maintained on a regular and ongoing basis. Establish a system to regularly check and maintain the pressure levels of all fire extinguishers.
4. Add an additional fire escape or exit stair for the mezzanine sample room or reduce the number of people working in this area/designate another room for mezzanine sampling. Ensure that there are at least two exit stairs for areas that are occupied with more than 15 people, as legally required.
5. Respect local laws and international standards and keep on file sufficient documentation to demonstrate that buildings and structures are both legal and structurally sound. Consult with the local authorities to obtain the building permits for all missing buildings and added mezzanine structures, as legally required.
6. Ensure that all evacuation plans are updated, including locations of all fire alarm buttons, location of the position of the viewer "you-are-here", and the right location of assembly areas. Ensure that all assembly areas do not block the driveway and access.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Not Remediated

#### Explanation:

Based on the site tour inspection, document review and management interview, it is noted that the factory does not have a plan to install the sprinklers system as required by fire police under the inspection minute of fire police on April 9, 2018. [HSE.6]

#### Root Causes:

The factory management explained that due to the land lease contract will be expired in 2019 and they are not sure about the contract renewal.

2. Finding Status: Remediated

#### Explanation:

Based on the site tour inspection and document review, it is noted that the factory has replaced the old fire water pump. The new fire water pump is working and checked weekly, the latest check was noted on September 22, 2018, which shows the fire water pump is in good condition.

3. Finding Status: Remediated

#### Explanation:

Based on the site tour inspection and document review, it is noted that the factory has installed the backup battery for fire alarm system and smoke detector in the material warehouse and the backup battery and fire alarm system are checked on a monthly basis and with records in place. The latest check was on August 30, 2018. The fire water pump is checked weekly (the latest check was on September 22, 2018), fire extinguishers are checked monthly (the latest checking was on August 25, 2018).

4. Finding Status: Remediated

#### Explanation:

Based on the site tour inspection and document review, it is noted that the factory has installed the smoke detector in the material warehouse and the smoke detectors have the work-complete report from the fire police on April 22, 2018. Besides, the smoke detector system is checked monthly with the latest check on August 30, 2018.

5. Finding Status: Remediated

#### Explanation:

Based on the site tour inspection and document review, it is noted that all fire extinguishers in the factory are checked monthly and are in working condition. The latest check was on September 25, 2018.

6. Finding Status: Partially Remediated

#### Explanation:

Based on the site tour inspection and document review, it is noted that the fire alarm system is checked monthly (the latest check was on August 30, 2018); the fire water pump is checked weekly (the latest check was on September 22, 2018); emergency light and emergency exit light are checked monthly (the latest check was on August 30, 2018). However, the factory does not commission a qualified third

party to conduct a fire risk assessment and a regular test of the fire alarm system. Maintenance and service records also lack procedures with the specific steps or guidance for the control and maintenance of pumps, air compressors, and the generator.[HSE.1, HSE.5]

Root Causes:

Lack of knowledge of the responsible person and regular review from management.

7. Finding Status: Partially Remediated

Explanation:

Based on the site tour observation, it is noted that the factory has installed the smoke detector system in the factory and it is checked monthly. The fire alarms in the factory are clearly identifiable and marked. However, the factory does not install the fire alarm system at canteen and hazardous waste warehouses. [HSE.1, HSE.5]

Root Causes:

Lack of knowledge of the responsible person and regular review from management.

8. Finding Status: Remediated

Explanation:

Based on the site tour inspection, it is noted that the factory has installed one more exit stair available for the mezzanine sample room where approximately 50 people work, and now there are total two exit stairs available for the emergency exit.

9. Finding Status: Not Remediated

Explanation:

Based on the site tour inspection and document review, it is noted that the factory (leased from landlord) has only one building permit on file (2003) for a single-story building of 6,500 square meters. In reality, the factory occupies a mezzanine used as a warehouse, two other single story buildings for the canteens, a warehouse for packing and finishing goods, and a one story building for an office. Thus, the factory has more buildings than described in the building permit. Additionally, the factory does not have building permits or a building structural analysis for all other buildings and added mezzanine structures. [HSE.1, HSE.4]

Root Causes:

The factory explained that the land is leased from landlord and landowner has lost the relevant documents such as building permits for other stories and areas beside the 6500m2 mentioned above.

10. Finding Status: Partially Remediated

Explanation:

Based on the site tour inspection, it is noted that the factory has posted the warning sign "No Smoking" at all areas in the factory, except the smoking area. However, workers were still found smoking during site tour inspection at toilet areas where smoking is prohibited.

[HSE.1, HSE.5]

Root Causes:

Lack of efficiency of training activities and regular monitor.

11. Finding Status: Partially Remediated

Explanation:

Based on the site tour inspection, it is noted that the evacuation maps are identified with "You are here", However, it still lacks some key elements such as the identified positions of the fire alarm buttons and first aid kits in the evacuation maps. In addition, the assembly point is still in the driveway where they would block emergency vehicle access. [HSE.1, HSE.5]

Root Causes:

Lack of knowledge of the responsible person and due to the narrow land area, which has been used for production, it was not possible to arrange a suitable location for assembly point.

#### Local Law or Code Requirement

Vietnam Standard TCVN 3890: 2009, Points 4 and 6.1.3; Construction Law No. 50/2014/QH13, Article 89; Vietnam Labor Code 2012, Article 138; 79/2014/Nb-CP, Article 7. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4 and HSE.5)

#### Recommendations for Immediate Action

1. Comply with all applicable local fire regulations and inspections, as required by the local fire police. Complete the installation of adequate fire systems and develop plans to comply with the inspections for the factory's older buildings.
2. Arrange for a licensed third party to conduct a fire risk assessment and a regular test of the fire alarm system.
3. Install fire alarm for all areas including canteen, gas and hazardous waste warehouses.
4. Install sprinkler system for all buildings as being required by the recent fire safety inspection conducted by the local authority.
5. Respect local laws and international standards and keep on file sufficient documentation to demonstrate that buildings and structures are both legal and structurally sound. Consult with the local authorities to obtain the building permits for all missing buildings as legally required. Obtain legally required building permits for all buildings in the factory.
6. Ensure that all the evacuation plans are updated with all required elements. Ensure that all assembly areas do not block the driveway and access.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Top management is viewing

2. Fire fitting team has checked the fire water pump regularly. The inspection has records.
3. the factory rent the third party who maintenance fire fitting system. They've checked 06 months per one time
4. The smoke alarm was installed at the hazardous waste warehouses. The factory is planning to repair the canteen, so it has not installed a fire alarm system yet.
5. The factory is waiting from landlord. They is looking for documents. If not, The factory will invite a third party to inspect the factory structure.
6. The factory has propagated to workers about the on smoking in the right place. If anyone violate, they will be disciplined.
7. The factory has redrawn the emergency escape map and updated fire alarms and first aid kits. Pls refer the pictures

## PREVIOUS FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory has basic policy and procedures on Environmental Protection, but no Environmental Monitoring System (EMS) and does not have a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other environmental risks. The factory does not commit to conservation and does not have targets or plan to control of environmental impacts. Additionally, the factory does not conduct an environment risk assessment. Moreover, the factory does not regularly review its environmental protection procedures and policy and does not make sure that they are updated according to local law and regulations.
2. Chemicals in the storeroom are stored without secondary containment. The drum of diesel oil for generator lacks secondary containment.
3. Two empty drums were left out exposed to rain and rust, posing a potential Health, Safety & Environment risk due to chemical reaction. Additionally, chemicals for wastewater treatment are left out exposed to rain and without secondary containment and did not have any Material Safety Data Sheets (MSDS).
4. Glues and chemicals used in production are not all appropriately labeled and handled with adequate ventilation and proper Personal Protective Equipment, such as masks. Additionally, not all workers who work with chemicals know how to work with the chemicals safely.

##### Local Law or Code Requirement

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

##### Recommendations for Immediate Action

1. Ensure that all chemicals are appropriately labeled with their contents and risks, and provided with Material Safety Data Sheets (MSDS).
2. Provide secondary containers for applicable chemicals, including diesel oil.
3. Ensure that all chemicals are stored properly in a designated area, safe from rain, sun and dust.
4. Ensure that all chemicals and glues used in production are properly labeled and handled with Personal Protective Equipment (PPE). Ensure that workers handling chemicals are regularly trained and communicated on appropriate chemical usage and required PPE usage.

### VERIFICATION RESULT

### Finding Status

Partially Remediated

### Remediation Details

#### 1. Finding Status: Partially Remediated

##### Explanation:

Based on the document review, it is noted that the factory has contracted with an authority to complete the regular EIA (Environmental Impact Assessment) testing report and working environment testing yearly. However, the factory does not have a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other environmental risks. The factory still does not commit to conservation and does not have targets or plan to control environmental impacts. Additionally, the factory does not conduct an environment risk assessment. Moreover, no regular review of the environmental protection procedures and policy is conducted to make sure that they are updated according to local law and regulations. [HSE.1]

##### Root Causes:

Lack of knowledge of the responsible person and regular review of top management.

#### 2. Finding Status: Partially Remediated

##### Explanation:

Based on the site tour inspection, it is noted that all chemicals in the storeroom and the drums of diesel oil for generators have been provided secondary containment. However, chemical cans found in sewing lines are not provided with secondary containment. At least six glue bottles and one lubricant oil can in the sewing section are without MSDS in local language. [HSE.9.1]

##### Root Causes:

Lack of effective training and monitoring.

#### 3. Finding Status: Remediated

##### Explanation:

Based on the site tour inspection, it is noted that there are no empty drums left out exposed to the rain and rust, and the factory has collected all empty drums of hazardous waste chemicals and sent to the authority company for treatment. All chemicals for wastewater treatment plants are stored in the chemical warehouse and provided secondary containments and MSDS accordingly.

#### 4. Finding Status: Partially Remediated

##### Explanation:

Based on the site tour inspection and relevant worker interview, it is noted that workers in glue room are provided with the adequate ventilation and proper PPE such as rubber gloves and carbon masks. However, glues and chemicals used in production are not all appropriately labeled. All workers who are assigned to work with chemicals are not provided with refresher chemical training (group three) as being required by local law. Most of chemical workers were trained once in 2015 and no refresher training conducted up to now, and thus most workers do not clearly know how to handle chemicals safely. [HSE.9]

##### Root Causes:

Lack of knowledge of the responsible person and personnel to monitor and control.

### Local Law or Code Requirement

Law on Chemical No. 06/2007/QH12, Articles 27, 28 and 29. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

### Recommendations for Immediate Action

1. Provide MSDS (material safety data sheet) in local language and secondary containment for all chemicals being used and stored at the factory.

2. Ensure that workers handling chemicals are regularly trained and communicated on appropriate chemical usage and required PPE usage.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Pls refer attached file

2. The glue bottles collect at the glue section where has MSDS sheet in local language.

3. The factory invited the third party training for workers(three group) at the factory who worked with chemicals

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The Health, Safety & Environment (HSE) committee does not include worker participation and engagement as required by FLA benchmarks.
2. The factory does not provide detailed trainings for managers and supervisors on HSE.
3. There are no safety procedures to train workers and the actual implementation for work at heights, loading of racks, Lock-out/Tag out (LOTO), and ergonomics.
4. The factory has not conducted an asbestos assessment, however factory management stated there is no asbestos in the factory.
5. The factory does not have a list of confined spaces, safety procedures for confined spaces, or posted signs marking confined spaces.
6. The factory does not train workers in proper lifting techniques and does not take proactive steps to reduce repetitive-motion stress/injuries. The factory does not provide eligible workers with lifting belts as proper Personal Protective Equipment (PPE). In addition, the factory does not post any loading limits on forklifts and storage racks in the material warehouse.
7. The laser cutting section lacks posted safety Standard Operating Procedures (SOP) for each machine in local language. The factory does not post any Personal Protective Equipment (PPE) requirements. Additionally, access to the laser room should be limited to only trained personnel.
8. Machine guarding in the main sewing and production lines is inadequate since workers do not use the needle guards and eye shields.
9. Most all machines and workstations lack posted operating safety SOPs and PPE requirements.
10. PPE is distributed once per year, but there is no clear written policy or procedure or notice to workers about PPE replacement.
11. PPE usage is inconsistent. Masks were not worn or worn incorrectly in many cases with workers using regular masks instead of carbon masks in the glue room.
12. Glue is applied in the glue room at the back of the factory, where workers were working without adequate ventilation or PPE. When asked they turned on exhaust fans and put on PPE, but they normally do not use these because fans are too loud and PPE does not fit and/or is not regularly replaced. A safety procedure was posted in this area, but not a Material Safety Data Sheets (MSDS) with the contents and hazards of the glues in use and specific PPE requirements. Additionally, workers are not regularly trained on proper PPE usage.
13. The chemical storage room lacks adequate ventilation, an automatic fire alarm system, and has an exhaust fan with spliced wires. In addition, the factory also has some spliced wires of extension cords in the production area.
14. Cooking gas cylinders in the canteen building lack chains and adequate fire safety systems, such as leakage detector and lightning protection, as required by QCVN 04-2013.
15. A basic risk assessment was internally conducted in 2012 for Health & Safety and Fire; however, there have been no updates or revisions, no scores, and no documented Corrective Action Plan CAP or follow up. The factory did not arrange for a third party fire risk assessment, as per FLA benchmarks.
16. Factory does not have a Corrective Action Plan CAP to track remediation, improvements and review process.
17. Factory lacks procedures to inform 3rd party contractors about the factory's Code of Conduct and Safety requirements, including canteen staff, security/building repair contractors and waste management personnel.
18. In the canteen, staff prepare food work without proper PPE, such as masks, aprons, hats/hair nets and were seen handling cooked food with their bare hands.
19. The clinic does not meet legal requirements since the nurse is out on maternity leave and there is only a pharmacist. According to local law, the factory shall set up a health unit with a full-time doctor or a fulltime nurse. Additionally, the factory does not have a breastfeeding policy or designated room for lactating women.
20. The factory has accident reports according to local law; however, the factory does not track accidents in detail and does not have review procedures or a review process in place. Thus, the factory currently has no tracking or analysis of production days lost due to accidents in 2015.
21. The factory does not have measures to protect the reproductive health of employees to minimizing exposure to workplace hazards. In addition, the factory does not have procedures on how workers can raise Health & Safety concerns and to protect workers against retaliation who raise Health & Safety concerns.

#### Local Law or Code Requirement

Vietnam Regulation on Standard for Storage of Gas Cylinders, QCVN 04-2013, Joint Circular on Requirements for Health Units, No 01/2011/TTLD-BLDTBXH-BYT-TLDDVN, Article 7; Joint Circular on Requirements for Protection of Nursing Women, Decree No 85/2015/ND-CP, Article 7.4; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.9, HSE.12, ND.8, HSE.14, HSE.17, HSE.19, and HSE.25; Nondiscrimination Benchmark ND.8; Employment Relationship Benchmark ER.31)

#### Recommendations for Immediate Action

1. Establish a list of confined spaces, including safety procedures for confined spaces and label them as such.
2. Post load limits on forklifts and storage racks in the material warehouse. Provide eligible workers with lifting belts as proper Personal

Protective Equipment (PPE).

3. Post all requirements for Personal Protective Equipment (PPE) in the laser cutting section. Ensure that access to the laser room is only limited to trained personnel.
4. Ensure that all workers in the main sewing and production lines use needle guards and eye shields as proper PPE for machine guarding. Regularly train and communicate workers on proper PPE usage. Ensure that all machines and workstation have signs on SOPs and PPE requirements.
5. Establish a system to maintain and replace Personal Protective Equipment (PPE).
6. Ensure that workers in the glue room wear appropriate and functioning masks as proper PPE. Replace malfunctioning PPE.
7. Ensure that the exhaust fans are used during working time in the glue room and train workers on proper PPE usage.
8. Equip the chemical storage room with an adequate ventilation system, an automatic fire alarm system and an exhaust fan without spliced wires. If the exhaust fan is on, ensure that workers are provided with earplugs as proper PPE. Ensure that the production area does not have spliced wires lying around.
9. Ensure that the cooking gas cylinders in the canteen have adequate fire safety systems in place. Install a leakage detector and lightning protection, as legally required.
10. Ensure that the canteen staff uses proper PPE in the process of food making, such as masks, aprons, hair nets. Ensure that the canteen staff is trained on hygiene standards and proper PPE usage.
11. Hire another nurse as a temporary replacement of the nurse that is on maternity leave to comply with legal requirements for the clinic. Establish a breastfeeding policy and designate a room for lactating

women, as legally required.

## VERIFICATION RESULT

### Finding Status

Not Remediated

### Remediation Details

1. Finding Status: Remediated

Explanation:

Based on the document review, it is noted that the HSE committee was established on July 15, 2017 and have representative of workers in the committee.

2. Finding Status: Not Remediated

Explanation:

Based on the document review and management interview, the factory provides training attendant list showing that leaders were trained on June 30, 2016. But there is no other refresher training conducted since. There is no training plan, training materials and other relevant training records such as photo, training evaluation kept for managers and supervisors training on Health, Safety & Environment. [ER.17]

Root Causes:

Lack of commitment of relevant polices and procedure and regular review from top management.

3. Finding Status: Not Remediated

Explanation:

Based on the document review and relevant management and worker interview, it is noted that there are no safety procedures to train workers and the actual implementation for work at heights, loading of racks, lockout-tagout, and ergonomics. [HSE.12.2]

Root Causes:

Lack of knowledge of the responsible person, relevant policies and procedure and commitment of the top management.

4. Finding Status: Not Remediated

Explanation:

There is no action taken from the last assessment. Based on the document review and management interview, it is noted that the factory has not conducted an asbestos assessment, however factory management stated there was no asbestos in the factory. [HSE.1, HSE.9]

Root Causes:

Lack of knowledge of the responsible person, relevant policies and procedure and commitment of the top management.

5. Finding Status: Not Remediated

Explanation:

There is no action taken from the last assessment. Based on the site tour inspection and document review, it is noted that the factory does not identify a list of confined spaces and not establish the safety procedures for confined spaces, or posts signs marking confined spaces. [HSE.1]

Root Causes:

Lack of knowledge of the responsible person, relevant policies and procedure and commitment of the top management.

6. Finding Status: Not Remediated

Explanation:

There is no action taken from the last assessment. Based on the document review and relevant worker interview, it is noted that the factory does not train workers in proper lifting techniques and did not take proactive steps to reduce repetitive-motion stress/ injuries. The factory does not provide eligible workers with lifting belts as proper Personal Protective Equipment (PPE). In addition, the factory does not post any loading limits on forklifts and storage racks in the material warehouse. [HSE.8, HSE.7]

Root Causes:

Lack of knowledge of the responsible person, relevant training and commitment of the top management.

7. Finding Status: Not Remediated

Explanation:

Based on the factory tour inspection, it is noted that the factory does not post all requirements for Personal Protective Equipment (PPE) in the laser cutting section. The factory does not maintain a list of names to identify the trained personnel who are permitted to access the laser cutting section. In addition, all laser cutting machines are not provided with warning signs in the local language (Vietnamese) and Standard Operating Procedure (SOP) for reference. [HSE.14.3]

Root Causes:

Lack of relevant training, monitoring and commitment of the top management.

8. Finding Status: Not Remediated

Explanation:

Based on the site tour inspection, it is noted that 40% of workers do not use the needle guards and eye shields on the sewing machines properly. [HSE.14.1]

Root Causes:

Lack of efficiency of training activities.

9. Finding Status: Not Remediated

Explanation:

Based on the site tour inspection, it is noted that about 90% of machines and workstations lack posted operating safety SOPs and PPE requirements. [HSE.14.3]

Root Causes:

Lack of personnel to be in charge and training activities.

10. Finding Status: Remediated

Explanation:

Based on the document review and worker interview, it is noted that the factory has established the regulation to distribute and replace PPE for workers. PPE distribution records are kept and provided for review.

11. Finding Status: Partially Remediated

Explanation:

Based on the site tour inspection, it is noted that workers in the glue room have been distributed the proper PPE such as gloves and carbon masks which they use during work. However, at least 70% of sewing workers do not wear masks during work and one worker working with grinding machine (grinding the scissor) did not wear protection glasses, as required. [HSE.8, HSE.7]

Root Causes:

Lack of efficiency of training activities.

12. Finding Status: Remediated

Explanation:

Based on the site tour inspection, it is noted that workers in glue room are provided the adequate ventilation (exhaust fan in function) and proper PPE such as rubber gloves and carbon masks in proper use by workers during work. MSDS with contents and hazards of the glue and PPE needed are posted at glue room for reference. Workers confirmed that they are reminded and trained by their supervisor on how to use PPE properly.

13. Finding Status: Remediated

Explanation:

Based on the site tour inspection, it is noted that the chemical storage room has been installed with the ventilation (exhaust fan) and smoke detector. The chemical storage area is organized and in safety manner.

14. Finding Status: Not Remediated

Explanation:

Based on the site tour inspection, it is noted that gas cylinders in the canteen building are lacking chains and adequate fire safety



systems, such as leakage detector and lightning protection. [HSE.5, HSE.6]

Root Causes:

1. Lack of knowledge of the responsible person.
2. No regular review on the system.
3. There is no top management commitment.

15. Finding Status: Not Remediated

Explanation:

Based on the document review, it is noted that the factory has conducted Health & Safety and fire risk assessment. However, the risk assessment records do not identify the scores, there are no documented Corrective Action Plans or follow up either. The factory does not arrange for a third party fire risk assessment. [HSE.5]

Root Causes:

Lack of awareness and commitment from top management.

16. Finding Status: Not Remediated

Explanation:

There is no action taken from the last assessment. Based on the site tour inspection, it is noted that there is no document and records to prove that the factory has a Corrective Action Plan CAP to track remediation, improvements and review process. [HSE.2]

Root Causes:

Lack of commitment of the top management.

17. Finding Status: Not Remediated

Explanation:

The factory still does not have the procedures to inform third party contractors about the factory's Code of Conduct and Safety requirements, including canteen staff, security and building repair contractors and waste management personnel. [HSE.1]

Root Causes:

Lack of knowledge of the responsible person.

18. Finding Status: Not Remediated

Explanation:

Based on the site tour inspection, it is noted that canteen staffs preparing cooked foods without proper PPE, such as masks, aprons and some of staffs were seen handling cooked food with their bare hands. [HSE.7]

Root Causes:

Lack of efficiency of training activities.

19. Finding Status: Partially Remediated

Explanation:

Based on the document review, it is noted that the factory has arranged two persons for medical service (one nurse and one pharmacist) but without a full-time doctor, as per local law. However, the factory has a contract with a nearby hospital for the medical service, as required by local law. The factory still does not have the breastfeeding policy and no designated room for lactating women. [HSE.18]

Root Causes:

Lack of commitment of the top management.

20. Finding Status: Not Remediated

Explanation:

The factory maintains an accident report log, but on review, the report did not show any occurrence of accidents. However, there was one accident case found in the log book of clinic staff on August 13, 2018 that a worker got injured while using scissor but there was no investigation, no tracking or analysis of production days lost due to accidents. [HSE.2]

Root Causes:

Lack of efficiency of internal communication and relevant training.

21. Finding Status: Not Remediated

Explanation:

Based on the document review and management interview, it is noted that the factory still has not had any measures to protect the reproductive health of employees to minimize exposure to workplace hazards. In addition, the factory does not have procedures with detailed steps on how workers can raise Health & Safety concerns and to protect workers against retaliation who raise Health & Safety concerns. [HSE.1, ER.31.2]

Root Causes:

Lack of top management commitment, regular training and monitoring.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory trained on Group 06 & Group 01 to supervisor & managing staffs in 2017. The factory will arrange to re-training in next time
2. The factory invited the third party training on HSE for worker at the factory

3. No idea because the factory no asbestos
4. The factory established the safety procedure for confined spaces and posted signs marking confined these spaces
5. a. The forklift drivers have been trained and get the certification  
b. Pls refer the photos  
c. The factory post limited on forklift and storage racks
6. Pls refer attached picture
7. The factory assigned to maintenance staff who regular monitor needle guards and eye shields on the sewing machines properly. Pls refer attached pictures
8. Any unsafe machines have a user manual. It was posted on the machine or previous of machines.
9. Workers worked in the glue room. They must use carbon masks. Pls refer pictures
10. Gas cylinders are wired together but leakage detector and lightning protection
11. Pls refer attached file.
12. Picc team was established at the factory(Performance improvement consultative committee). They have meeting monthly. The problems will be solved in step by step.
13. The factory will review this matter.
14. Improved.
15. Due to the factory is not space to build private room. The factory will considering this matter.
16. Due to accidents case is not so serious on August 13,2018. We do not conduct an investigation. The factory will investigate, tracking and analysis if have accident next times.
17. Pls refer attached file.

## PREVIOUS FINDING NO.12

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

The worker integration component is missing across all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health and Safety, and Environmental Protection. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are

neither systematically integrated nor consulted in decision-making processes.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3; ER.16, ER.25, and ER.27)

## VERIFICATION RESULT

#### Finding Status

Not Remediated

#### Remediation Details

1. Finding Status: Not Remediated

#### Explanation:

Through the document review, interview with management, responsible person, workers and union members, it is noted that the worker integration component is missing across all Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Health & Safety, and Environmental Protection. This indicates that the factory has not established procedures to request and/ or receive workers' input/ feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1.3, ER.16, ER.25, ER.27,]

#### Root Causes:

1. The factory management does not understand relevant FLA Code and Benchmarks.
2. There is no staff assigned officially to be responsible for this function.
3. There is missing of relevant policies and procedure across the employment functions.
4. No regular management review on the factory management system is conducted.

#### Recommendations for Immediate Action

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, and ER.27)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Company Action Plan: There are three workers who representative for workers in the regular dialogue. They join the improvement committee of union representative (PICC). Picc team will meeting one time per each month. All policies will be noted in this meeting.

## New Findings and Action Plans

### NEW FINDING NO.1

## SUSTAINABLE IMPROVEMENT REQUIRED

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

#### Finding Explanation

1. There are two personnel in HR and administration section mainly responsible for all relevant Employment Functions. However, there are no official assignment letter or decision to assign staffs for all relevant Employment Functions. As a result, Responsibility and Accountability are not clearly assigned for all Employment Functions. [ER.1.2]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.2)

## COMPANY ACTION PLANS

## Action Plan no 1.

### Description

Responsibilities and authorities are shown in the job description sheet. Please refer attached file.

## NEW FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. Based on the attendance record review for the period from September 2017 to September 23, 2018 and worker interview, it is noted that 25% of workers worked overtime more than 4 hours in a day and 42% of workers worked overtime more than 30 hours in a month. The maximum overtime found is 5.5 hours a day in nine days and 68 hours a month in November 2017. [HOW.1.1]
2. Based on the attendance record review for the period from September 2017 to September 23, 2018 and worker interview, it is noted that 30% of workers worked more than 60 hours a week from one to two weeks per month in the reviewed months. The maximum weekly hours found is 68 hours for a week in November 2017. [HOW.8.3]
3. Based on the attendance record review and worker interview, it is noted that workers worked overtime more than 300 hours per year with maximum overtime of up to 609 hours per year in 2017. [HOW.1.1]

##### Local Law or Code Requirement

The Vietnam Labor Code, Article 106. FLA Workplace Code (How of Work Benchmarks HOW.1.1 and HOW.8.3)

### COMPANY ACTION PLANS

## Action Plan no 1.

### Description

1. Since January 2019, some orders have been past to 02nd factory in Long An. So the factory will reduce the overtime by law. Ensure that not exceed 300 hours per year and 30 hours a month and 4 hours a day.

## NEW FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. Based on the payment record review and relevant staff interview, it is noted that the factory paid overtime based on 208 hours for every month instead of based on the actual working hours per month. As a result of that, workers were short paid for overtime in months less than 208 hours such as February 2018 (192 hours) and April 2018 (200 hours). [C.1, C.5, C.6, C.7.1]
2. Based on the payroll record review and relevant worker interview, it is noted that the factory does not conduct the regular review to increase salary for workers. As a result of that, most of the workers who joined the factory from 2009 are paid at level one or two of the wage scales. [C.1]
3. Based on the training record review, attendance record, payment record and worker interview, it is noted that the factory does not pay for the orientation training (one hour) for new workers. [C.5]
4. Based on the document review and worker interview, it is noted that the factory has established a policy for menstruation break for female workers and the break is arranged by workers and their leaders, however, interviews showed that workers are not always

provided breaks due to production demand. [C.1]

5. Based on worker and management interview, it is noted that all workers have pre-shift meeting every day with around five minutes (from 7:25 to 7:30) before production. The pre-shift meeting is requested by line leaders, but it is not paid. [C.5]

6. Based on the payment record review and relevant staff, worker interview, it is noted that the factory does not provide a regular allowance for one leader and two vice leaders of fire-fighting team as being required by law. In addition, the factory does not provide a support of 0.5 day's basic salary for 30 members of internal firefighting team who attended the refresh training on July 21, 2018. [C.5]

7. Based on the payment record review and relevant staff interview, it is noted that severance allowance is not paid for resigned workers for the working time not covered by unemployment insurance e.g. probation time and sick leave as legally required. [C.6]

8. The factory uses the current wage of workers to deduct for the annual leave instead of using the average wages of the last six months. This practice leads to over-deduction. [C.5]

9. Based on the sick leave payment record review and relevant staff interview, it is noted that the factory does not have procedures to ensure to submit relevant sick leave document to the Insurance Funds within ten days after receiving documents for workers' reimbursement of sick leave benefits as legally required. [C.1]

10. Based on the annual leave logbook review and worker interview, it is noted that the factory arranged all annual leave days for workers in their low season. Though there is a notice with agreement of the Labor Union, many workers stated during the interview that they could not apply for annual leave when they need for their personal issues but they had to apply for leave without payment. [C.1]

#### Local Law or Code Requirement

Decree 05/2015/ND-CP, Article 26; Circular 47/2015/TT-BLDTBXH, Point 4, Article 14; Decree 45/2013/ND-CP, Article 3; The Vietnam Labor Code, Articles 48, 102, 108 and 114; Insurance Law 2016, Article 102. FLA Workplace Code (Compensation Benchmarks C.1, C.5, C.6, and C.7.1)

#### Recommendations for Immediate Action

1. Calculate and pay correctly for workers' overtime in months less than 208 hours (26 working days).
2. Regularly review and increase salary for workers as company policy.
3. Record and pay for training time of new workers and pre-shift meeting of all workers as being required by law.
4. Provide allowance for fire team leaders and pay fire team members for fire safety training time.
5. Pay severance allowance for all resigned workers correctly as being required by law.
6. Use correct wage when calculating to deduct for excessive annual leave taken by workers.
7. Ensure workers are free to take annual leave at their own will.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. From Jan 2019, the factory will calculate and pay overtime wages according to actual working days of the month.

2. At the end of the year, the factory inspected the skill for sewing workers. they will be promoted or retained by the skills of each person, there are new workers higher than the old workers due to their higher skills. There are some assistant workers who not need skills. They do this job from year to year, so they still keep at level one. Every year, they still get a raise according to the law or higher than the law.

3. Workers started working immediately after the interview was passed. They are paid wages including interview time (From Oct.2018).

- 4.. The factory has a policy and informed workers. Some female workers have menstrual periods but do not inform the health department to arrange a break. The factory will announce again for female workers to understand their rights.
5. All workers start to work from 7:30, not pre-shift meeting every day
6. Top Manager is considering and will approve allowances for members of the fire-fighting team from January 2019
7. probationary period was not counted as working time to receive severance allowance (according to Decree 148/2018 / ND-CP, Clause 5, Article 2)
8. The factory will change the calculation from January 2019
9. Pls to see the procedures as attached file.
10. The factory met and agreed with the employees' collective representatives and has been stipulated in the collective labor agreement.
11. The factory always informs employees the annual leave before two weeks

## NEW FINDING NO.4

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. Hazardous waste and normal waste are not stored in the separate areas, they are mixed together in the waste storage area. [HSE.1]
2. The factory has installed and used the waste water treatment plant from 2016. However, the factory did not register sludge released from the waste water treatment plant and does not have a contract to dispose. [HSE.1]

##### Local Law or Code Requirement

Decree 38/2015/NĐ-CP, Articles 4, 5 and 6. FLA Workplace Code (Health, Safety & Environment Benchmark HSE.1)

##### Recommendations for Immediate Action

1. Segregate normal waste and hazardous waste and store properly.
2. Sign contract to dispose for sludge released from the factory waste water treatment plant.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Due to the small amount of hazardous waste, the factory built a small room inside of the industrial waste room. It has separate door lock.

2. The factory is planning to sign a contract with a sludge treatment company

## NEW FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory does not provide the health and safety training and refresh training (group three) at least once every two years as being required by local law as details below:

- Two out of two electric staffs were first trained on January 5-8, 2015 without any refresher training since.
- One worker working in the chemical warehouse was first trained on October 7-10, without any refresher training since; Six out of thirty workers who were assigned to work with chemical were not provide with chemical training as being required.
- Two workers working with pressing machine were first trained on October 8, 2015 without any refresher training since.
- Three workers working with the forklift were first trained on January 14-17, 2015 and without any refresher training since.
- Three workers working with cutting machines were first trained on October 8-9, 2015 without any refresher training since.
- Three workers working with the air compressor were first trained on December 8-11, 2014 without any refresher training since.
- One out of two medical staffs are not provided with health and safety training (group five) as being required by local law. [HSE.1, HSE.8, HSE.9, HSE.14]

2. The factory has conducted the risk assessment. However, the risk assessment does not cover some areas such as canteen, hazardous waste storage area, parking area and waste water treatment plant. [HSE.1]

3. At least 30% of emergency exit doors are rolling doors instead of outward open doors as being required. The factory reported that they are in process to complete the remediation. [HSE.5]

4. Based on the site tour inspection, it is noted that electric wires of at least two electric panels at the sewing section are messy with unsafe connection and poor maintenance. [HSE.13]

5. None of the drinking water stations are provided or posted with the drinking water testing results. [HSE.23]

6. At least three workers at sewing workshop and sample sewing room are obstructed by products, cargos, carton boxes and tables and at least one out of two emergency exit routes at the material warehouse are obstructed as well. [HSE.5]

7. At least one out of two forklifts are not inspected before use as required by local law. [HSE.1]

8. The factory does not have a procedure or guidance on how each type of machine is to be guarded properly and the training for relevant workers. [HSE.1]

9. The factory has a regulation to guide sub-contractors, suppliers and visitors on Health and Safety before working in the factory. However, there are no records and documents to prove the implementation. [HSE.1]

10. The factory does not have a procedure on Health and Safety include guidance on protection of special categories of workers such as pregnant workers and workers with disabilities. [HSE.1]

11. The factory does not have procedure with appropriate steps for selecting and purchasing Personal Protective Equipment (PPE) for workers. [HSE.1]

12. The factory does not conduct the inspection for chemical warehouse on a daily basis and not conduct the inspection about leaking and other health and safety concern at the hazardous waste warehouse on a weekly basis as being required. [HSE.9]

##### Local Law or Code Requirement

Decree 44/2016/NĐ-CP, Article 17; Law No. 84/2015/QH13, Articles 6, 18 and 35; Decree 45/2013/NĐ-CP, Article 23; TCVN 2622:1995, Point 7.1. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.8, HSE.9, HSE.13, HSE.14 and HSE.23)

##### Recommendations for Immediate Action

1. Regularly check and maintain for electrical wiring system at production areas.

2. Ensure forklifts is inspected as being required by law.



3. Keep emergency exit routes at the material warehouse from obstruction at all times.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory provided the health and safety refresh training on Dec.2018, such as electric staffs, workers work with chemical, two workers working with pressing machine, workers working with the forklift, workers with cutting machines, workers with the air compressor.
2. Medical staffs will be provided to training with health and safety as being required by local law. Please refer attached file.
3. The factory has conducted the risk assessment such as canteen, parking area and waste treatment plant. Pls to see attached pictures
4. There are six doors that outward open doors. They were installed on Oct.2018. Please refer attached pictures.
5. Electric wires of all electric panel were covered plastic pipe.
6. The water testing results were posted at the water stations
7. Emergency exit routes are not obstructed by materials. Workers are reminded regularly that not put anything at the emergency exit routes, Pls to see attached pictures
8. That time, the factory's forklift was broken. We rent another at outside service. We forgot to check the inspection certificate. The factory returned it to outside service immediately after being audited. The factory is using the factory's forklift. It has been inspected until May 2019
9. The factory will keep the records when visitors access in the factory. Please refer att. File
10. The special procedure on Health and Safety for pregnant workers and disabilities workers has completed. Please refer att. File
11. The factory has a procedure for selecting and purchasing PPE. Pls refer att. File
12. worker who is charging of chemical, he inspect the leaking and other health and safety concern at the hazardous waste warehouse everyday.