



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Branded Custom Sportswear, Inc
Fanatics Apparel, Inc.

COUNTRY: Vietnam

ASSESSMENT DATE: 08/20/20

ASSESSOR: Openview

PRODUCTS: Apparel

NUMBER OF WORKERS: 2025

Summary of Code Violations

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

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

FLA Code Element	Number of Violations
Hours of Work	3
Employment Relationship	3
Health, Safety, and Environment	10
Nondiscrimination	1

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Two out of 25 sampled labor contracts does not include the company stamp or the worker's signature. [ER.10]
2. The factory terminates female workers who are nursing children under 12 months due to disciplinary reasons, which is against legal requirements. For example, one female worker who was nursing her child under 12 months old was terminated on November 14, 2019 due to being absent for five days without prior notice. According to law, no labor discipline of contract termination shall be applied to workers who are pregnant or who are nursing a child of less than 12 months [ER.14]

Local Law or Code Requirement

The Vietnam Labor Code, Article 24 and Article 123; Decree 148/2018/ND-CP, Article 1 Clause 12. FLA Workplace Code (Employment Relationship Benchmarks ER.10 and ER.14)

Recommendations for Immediate Action

1. <!--[endif]-->Conclude labor contract with company stamp and workers' signature.
2. <!--[endif]-->Make adjustment in labor discipline practice and do not apply contract termination to workers nursing children less than 12 months old.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Finding Detail 1

1- Factory will check all personal file and go through one by one. If any document missing company stamp or worker signatures, We will correct it

2- In the internal audit plan, We will addition this issue to make sure the finding will not repeated.

3-The most important, We will provide the refresh training for person in charge of Labor contract, have to check details of personal file and submit to HR manager for reviewing before keeping in the cabinet.

Finding Detail 2

1- We will create the procedure cover all steps on how to communicate between representative of factory and Union when dealing with issues related to employees' rights and obligation in the case of absenteeism of 5 consecutive days in 30 days. The correct form and writing letter will be used in this case will be attached in the procedure

2- We will make a meet with HR, UEC, Compliance and related departments to provide a training on how to use exactly form and writing letter

3- Factory will review all case of absenteeism of 5 consecutive days in 30 days since one last year. If has any case had the same problem with finding issue was raised . Factory will correctly implement forms / letters with attached saving together. Make sure they are ready for follow up audit practice later.

4- We will assign a responsibility department (compliance) to conduct internal audit of practice on solving the case of absenteeism of 5 consecutive days in 30 days if any.

5- If We detect the finding, it will be recorded and reported to HR manager and Factory managers to do immediately improvement actions.

6- If there is any additional, replacement of personnel for the relevant departments. Factory will provide the onboard training related this issue to increase their awareness on handling case of absenteeism of 5 consecutive days in 30 days and other labor codes as well.

7- All found issues will be recorded to develop the Labor/ HR risk assessment tool.

Company Action Plan Update

Finding detail 1:

1. HR persons checked all employees's personal files to supplement the shortcoming if necessary

2. We added this issue on the internal audit plan

3. We provided the refresh training for HR person related the form and the format of Labor contract. The HR manager did final reviewing before allowing store it in the cabinet

Finding Detail 2 :

- 1- We provided the trade union consultation procedure and created the form attached this procedure to solving the case of absenteeism of 05 consecutive days in 30 days.
- 2- We held a meeting with related Department on the updated procedure and the form to solving the case of absenteeism of 05 consecutive days in 30 days
- 3-We re-checked all case of absenteeism of 05 consecutive days in 30 days since 01 last year and adjusted the consultation forms between BOD and Trade union correctly as updated procedure.
- 4-Compliance Department reviewed the adjusted forms related the case of absenteeism of 05 days in 30 days to ensure the action has been taken correctly.
- 5- After doing adjustment the procedure and the form, We have not detected the mistake concerning above issue again.
- 6- We provided the training for new related comers about the procedure and the form will be used for the case of absendteeism of 05 consecutive days in 30 days if any
- 7- We taken the noted all finding issue to add in the Labor/HR risk assessment tool to prevent this finding will repeat.

FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. FLA Comment: Vietnam has not ratified ILO Convention 87. 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 unions] independent both of those which exist already and of any political party." Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association. [FOA.2, FOA.10]

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2 and FOA.10)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Keep following Vietnam Law

Company Action Plan Update

Following Vietnam Law

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory sets the fire-fighting pump in off-mode while it should be in auto-mode to ensure correct water pressure for the fire hydrant system. [HSE.6.1]
2. The factory has conducted a risk assessment. However, the risk assessment does not cover workers performing heavy lifting jobs in the material warehouse. In addition, the factory does not conduct survey with workers during the risk assessment as per legal requirements. [HSE.1]
3. The factory does not provide secondary containment for paint and ink cans in mechanic room and chemical mixing room. [HSE.9.1]
4. The factory uses temporary installed electrical wires for permanent lighting in the mechanic room. The electrical wires are loose and not fixed with insulated pipes. [HSE.13]
5. The factory has not installed safety guards on one sawing machine in the mechanic room. [HSE.14.1]

Local Law or Code Requirement

Decree 79/2014/ND-CP, Article 7; Law on chemical (No. 06/2007/QH12), Article 37; Law 84/2015/QH13; Occupational Safety and Hygiene, Article 16; Circular 07/2016/TT-BLDTBXH, Article 3; Decree 39/2016/ND-CP, Article 5. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.6.1, HSE.9.1, HSE.13 and HSE.14.1)

Recommendations for Immediate Action

1. <!--[endif]-->Set the fire-fighting pump in auto-mode to ensure the correct water pressure for the fire hydrant system.
2. <!--[endif]-->Conduct a risk assessment that covers all risks; including heavy lifting job risks and appropriate ways to eliminate and control hazards. Conduct survey with workers during the risk assessment.
3. <!--[endif]-->Provide secondary containment for all chemical containers.
4. <!--[endif]-->Fix the electrical wires with insulated pipes in mechanic room to ensure electrical safety.
5. <!--[endif]-->Install safety guard on the sawing machine in the mechanic room.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory assigned Fire team captain to set the Fire fighting pump mode into Auto- Mode immediately on audit day. Factory already requested him and fire team must be double check auto- pump status before leaving this area. Factory also requested Security persons have to check fire fighting pump status during their daily factory patrol schedule

2. Based on auditor's finding. We will conduct re-conduct risk assessment for workers performing heavy lifting jobs in material warehouse, We also do and keep workers' survey on HSE risk assessment. Based on risk assessment result. We will provide suitable health and safety solution according to their jobs

We will create the workers' survey form when we conduct HSE risk assessment according to local law and keeping it as requirement.

3. We will create procedure on how to store chemical outside of production area with the same with chemical procedure inside production area.

Specifically, We will provide secondary containment for any place that we will place chemical (mechanic room, mixing room), In other hands, If provide secondary containment is not possible. We will move all chemical into correct places as chemical warehouse

4. We will create procedure on how to monitor electricity outside of production area with the same electricity procedure inside production areas (broken/ unused equipment room)

Specifically, We will move all unnecessary, temporary electric wire in this room. Which one need to use for permanent lighting purpose. We will keep fixed with insulated pipes

5. Factory will immediately install the safety guard on the sawing machine in the stock mechanic room. Addition machines in stock machine room in weekly internal checklist

Company Action Plan Update

1. The Fire fighting pump mode adjusted into Auto- Mode and We requested the Fire team must be double check auto-pump status before leaving this area. Factory requested security guards have to check Fire fighting pump mode in each patrol trip"

2. We conducted Risk assessment for the workers performing heavy lifting jobs in material warehouse and We provided the safety solutions accordingly. In this assessment program, We created the workers' HSE risk assessment survey form and keep the survey results attached for reviewing.

3. We created the procedure on how to store chemical outside of production area. For the area that auditor detected there were not provided secondary containment. We moved all chemicals into Chemical storage having good conditions to store them as requirement

4. We created procedure on how to monitor electricity outside of production area. We moved all unnecessary, temporary electric wiring in this room. Which one need to use for permanent lighting purpose, We kept fixed with insulated pipes"

5. We immediately installed the safety guard on the sawing machine in the mechanic room on 2nd audit day. CSR department added this room in weekly internal audit checklist

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The factory does not segregate its waste according to their types and stores hazardous waste, industrial waste and domestic waste in the same waste storage area with no roof or secondary containment. [HSE.9.1]

Local Law or Code Requirement

Article 40/2019/ND-CP, Article 30. FLA Workplace Code (Health, Safety and Environment Benchmark HSE.9)

Recommendations for Immediate Action

1. Segregate factory wastes according to their types and store hazardous waste, industrial waste and domestic waste properly in designated areas with roof and secondary containment.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will immediately classify and move all kinds of waste into correct places Factory will request and not allowed for mechanics and sweeper temporary keep the waste in this room before classifying and move to waste storage. We will request all employee that the waste classification must be done at the source. We will assign security persons check this issue in their daily factory tour. Compliance team will check this issue during HSE internal audit schedule as well

Company Action Plan Update

- 1- We classified and moved all kinds of waste into correct places
- 2- We held a meeting with mechanics and sweepers to remind them wastes must be keep at correct places.
- 3- Security and Compliance team have been checking this point when do internal factory tour