



COMPANIES: Fast Retailing Co., Ltd.  
COUNTRY: Vietnam  
ASSESSMENT DATE: 10/26/16  
ASSESSOR: FLA China  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 3622

# Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

## 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 | Violations |
|------------------|------------|
|------------------|------------|

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

- 1.The factory does not provide workers with written outcomes for promotion, demotion and reassignment.
- 2.When workers' wages increase, the factory does not amend the labor contract for the worker to sign nor is a copy made for the worker.

##### Local Law or Code Requirement

The Vietnam Labor Code, Article 24; FLA Workplace Code (Employment Relationship Benchmarks ER 1.2, and ER.30.1.2)

#### COMPANY ACTION PLANS

1. 1. Factory revise the procedure of promotion, demotion and reassignment in which includes providing workers with written outcomes. 2. HRD staff is responsible for providing a copy of promotion, demotion and resignation with receipt signature of workers. 3. Compliance check compliance of HRD staff

Action plan status: In progress

2. 1. Factory will provide a copy of labor contract annex to employees when having wage increase. 2. HRD staff is responsible for making the contract annex and provide to workers with a copy. 3. Compliance check compliance of HRD staff

Action plan status: In progress

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

- 1.The factory does not pay medical insurance claims to workers within three days after receiving the amount from the insurance company, as required by law.
- 2.The salary base used to calculate unused annual leave payouts is calculated from the average salary for the month of December of that year. However, the local law requires the company to use the average salary of the six months prior to payment. Although this practice works in favor of workers whose salary increased in December, it also means that several workers whose salaries decreased in December would receive less than legally owed to them. For example, 271 reviewed performance reviews in December 2015 showed that 42 workers' salaries increased and four workers' salaries decreased. These salaries are based on worker's capacity and productivity and is recorded in their performance reviews.

##### Local Law or Code Requirement

The Decision No. 636/QĐ-BHXH on Documents and Procedures for Getting Social Insurance Regimes, Government Decree No. 05/2015/NĐ-CP, Article 26; FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, Compensation Benchmarks C.1)

### COMPANY ACTION PLANS

1. 1. Factory revise the procedure of settling claims for sick and maternity leaves and commit to implement within 3 working days after receiving the final payment confirmation list of local insurance department.
2. Factory will announce all employees to be aware of the procedure. If having any postpone, Insurance staff is responsible for informing to workers about the reasons and delay time of receiving the payment.
3. Factory assign 3 Insurance staffs and 1 Accountant are responsible for Insurance work of factory to ensure all procedures to be maintained. Finance staff is following with Finance Manager's business schedule to ensure to have full payment signature
4. Compliance team monthly check compliance of this payment.

Action plan status: In progress

2. 1. Our Finance change salary formula to calculate the average salary of the six months prior to payment. 2. Factory assign one HR staff to follow annual leave of all employees and ensure workers to be paid as required law 3. Compliance team will check the payment process to ensure compliance

Action plan status: Scheduled

## FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. Based on 70 reviewed time records from October 2015 to September 2016, it is noted that overtime exceeded the legal limit of 30 hours per month with a maximum of 88 hours per month, and an average of 37.87 hours per month. The records also show that workers exceeded the legal maximum of 300 hours of overtime per year, with a maximum of 704 hours per year for one worker and an average of 454.48 hours per year.
2. From a review of monthly working hours' performance reports in March 2016 (low season), May 2016 (regular season) and September 2016 (peak season), it is noted that: approximately 1.9% of workers worked in excess of 60 hours per week in March 2016; approximately 6.4% of workers worked in excess of 60 hours per week in May 2016; and no workers worked over 60 hours per week in September 2016. The maximum weekly working hour for this time period was 71.8 hours.
3. Based on 70 reviewed time records from October 2015 to September 2016, workers worked from one to two Sundays per month from November 2015 to January 2016. Out of 70 workers[H1], there were 17 workers in November, 50 workers in December, 51 workers in January 2016, one worker in July 2016 and 12 workers in September 2016 who worked 7 days without a compensatory day off. In several cases, workers took a compensatory day off in July and September 2016. The longest consecutive days of work without a day of rest was 13 days.
4. The factory's production plan always includes one hour of overtime per day.

##### Local Law or Code Requirement

The Vietnam Labor Code, Article 106 and Article 110; FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, Hours of Work Benchmarks HOW.1.1, HOW.1.3, HOW.2 and HOW.8)

## Recommendations for Immediate Action

1. Ensure workers do not work more than the legal overtime limit of 30 hours per month.
2. Ensure that workers do not work more than 60 hours per week.
3. Establish a system to control working hours and introduce procedures for overtime hours in extraordinary circumstances.
4. Provide workers 24 consecutive hours of rest for every 7-day working period. Ensure that work done on Sunday has a compensatory day off.
5. Provide factory management with ongoing training on Hours of Work policies.
6. The factory production plan should not always include overtime as the standard working time and review of the factory's production capacity and planning.
7. FLA affiliate Company's Sourcing and Social Compliance teams should implement FLA Principles of Fair Labor and Responsible Sourcing and, to help the factory address its excessive hours issue, coordinate accordingly on the following topics: how to provide better order forecasts to the factories; possible workshops/consultancy for the factory on how to improve productivity/quality; clear guidelines on how to extend shipment deadlines in case of contingencies; steps that factory management must follow if overtime is inevitable; clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks; and clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

## COMPANY ACTION PLANS

1. Center PPC allocates orders based on factories' production ability.
2. PPC makes proper production arrangement with flexibility, balancing the capacity for different brands.
3. Promote worker introduction program to attract more workers.
4. Develop recruitment at far provinces.
5. Industrial Engineering department (IED) consecutively train new workers and upgrade sewers' skill to increase efficiency to reduce overtime.
6. IED work with production line management to arrange suitable layout for difficult styles.
7. To settle the fabric/yarn quality, QA manager will arrange QA staffs to strictly control fabric quality from fabric mill.
8. Production planner should inform buyers about fabric problem to expand shipment date
9. In urgent shipment or peak season, Production plan work with customer to be approved some weeks with over 60 working hours per week
10. OT approval system: all irregular overtime working MUST be reported to and approved by factory general manager.
11. HRD monitors and sends working hours report of previous 4 days (Monday to Thursday), as well as alerting to each department weekly, so that the department head can arrange suitable working hours for the next 2 days (Friday and Saturday) to ensure not over 60h / week.
12. Monthly, HRD and Compliance team check attendance and report excessive overtime cases to top managers.

Action plan status: Scheduled

2. 1. Center PPC allocates orders based on factories' production ability.
2. PPC makes proper production arrangement with flexibility, balancing the capacity for different brands.
3. Promote worker introduction program to attract more workers.
4. Develop recruitment at far provinces.
5. Industrial Engineering department (IED) consecutively train new workers and upgrade sewers' skill to increase efficiency to reduce overtime.
6. IED work with production line management to arrange suitable layout for difficult styles.
7. To settle the fabric/yarn quality, QA manager will arrange QA staffs to strictly control fabric quality from fabric mill.
8. Production planner should inform buyers about fabric problem to expand shipment date
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12. Monthly, HRD and Compliance team check attendance and report excessive overtime cases to top managers.

Action plan status: In progress

3. 1. Center PPC allocates orders based on factories' production ability.
2. PPC makes proper production arrangement with flexibility, balancing the capacity for different brands.
3. Promote worker introduction program to attract more workers.
4. Develop recruitment at far provinces.
5. Industrial Engineering department (IED) consecutively train new workers and upgrade sewers' skill to increase efficiency to reduce overtime.
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7. To settle the fabric/yarn quality, QA manager will arrange QA staffs to strictly control fabric quality from fabric mill.
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11. HRD monitors and sends working hours report of previous 4 days (Monday to Thursday), as well as alerting to each department weekly, so that the department head can arrange suitable working hours for the next 2 days (Friday and Saturday) to ensure not over 60h / week.

12. Monthly, HRD and Compliance team check attendance and report excessive overtime cases to top managers.

Action plan status: In progress

4. Production Planning Senior Manager change formula of making production planning without overtime. Factory set up a mechanism of controlling working hours

Action plan status: In progress

5. "Factory has a policy on working hour in which shows no working on rest day. In special case, if working on rest day is unavoidable, factory ensures 4 days off in the month as stipulated law and legal OT premium payment. This policy is communicated to all employees"

Action plan status: Completed

Completion date: 12/05/18

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

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

2.The factory communicates all Employment Functions and its hiring policy to employees during the orientation training, but does not include its policy on Personnel Development during the orientation training to new workers.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.1.3, ER.16, and ER.25.2)

### COMPANY ACTION PLANS

1. 1. Factory update the procedure of receiving workers' input or feedback regarding the creation, implementation, and updating of its policies and procedures 2. The procedure was added in orientation training for new employees. 3. The procedure was posted in bulletin board 4. Factory set up a team to receive workers' input and answer all queries ( if any) 5. Compliance team will randomly interview workers to ensure them to understand factory's procedures and policies.

Action plan status: In progress

2. 1. Factory will add the policy on personal development in the orientation training for new comers. 2. HR staff is responsible for sharing with all employees. 3. All polices are posted in bulletin board so that all employees can read any time. 4. Compliance team will randomly interview workers to ensure they understand factory's procedures and policies.

Action plan status: In progress

## FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1.The factory does not provide specific training for the relevant supervisors on the following Employment Functions: Termination & Retrenchment, Industrial Relations, Grievance System and Environmental Protection.

2.The factory does not provide ongoing training to workers on any of the Employment Functions.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.15.2, ER.17.1, and ER.17.3, ER.31)

## COMPANY ACTION PLANS

1. 1. Factory will set up a retrenchment policy 2. All policies and procedures on employment functions will be trained to all employees in the orientation training and annual training.

Action plan status: In progress

2. 1. Factory will set up a retrenchment policy 2. All policies and procedures on employment functions will be trained to all employees in the orientation training and annual training.

Action plan status: In progress

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. The factory does not have a written policy on Termination & Retrenchment.
2. The factory does not have written procedures on Retrenchment.
3. Salaries and other benefits are paid to resigned and terminated workers seven to 15 days after the date of resignation or termination. Legally, this should be paid within the seven days of resignation or date of termination. The factory has encountered problems in providing termination payouts in a timely manner as the responsible personnel is usually on a business trip, leading them to not sign payrolls on time which leads to late bank transfers.
4. The salary base used to calculate unused annual leave for resigned and terminated workers is the base salary of the last month worked, while the local law requires this to be the average salary of the six months prior to resignation or termination.

##### Local Law or Code Requirement

The Vietnam Labor Code, Article 47.2; Decree No. 05/2015/ND-CP; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.19 and ER.32.1)

## COMPANY ACTION PLANS

1. 1. Factory will set up policy on Termination & Retrenchment. 2. Factory will add the policy on Termination & Retrenchment in the orientation training for new comers. 3. HR staff is responsible for sharing with all employees. 4. All policies are posted in bulletin board so that all employees can read any time. 5. Compliance team will randomly interview workers to ensure them to understand factory's procedures and policies.

Action plan status: In progress

2. 1. Factory will set up a procedure on Retrenchment. 2. Factory will add the procedure on Retrenchment in the orientation training for new comers. 3. HR staff is responsible for sharing with all employees. 4. All policies are posted in bulletin board so that all employees can read any time. 5. Compliance team will randomly interview workers to ensure then understand factory's procedures.

Action plan status: In progress

3. 1. HRD & Finance will review the procedure of paying resigned and terminated workers and divide 5 times of payment in the month. 2. Responsible staff of HRD & Finance is responsible for following the payment time to ensure within 7 days. . 3. Monthly Compliance team will check compliance of HR & Finance staffs.

Action plan status: In progress

4. 1. Our Finance changed the salary formula to calculate the average salary of the six months prior to resignation or termination. 2. Factory commit to implement law regulations of paying unused annual leave for resigned and terminated workers. 3. Monthly, Compliance team will check some cases of resigned and terminated workers to ensure paying workers' unused annual leaves as required by law.

Action plan status: In progress

5. "To ensure payment within 7 days, Factory has set up a procedure of resignation payment by 6 payment times of month.

1. Resign on 2-5 of month -> pay salary on 9 of month
2. Resign on 6-10 of month -> pay salary on 13 of month
3. Resign on 11-15 of month -> pay salary on 18 of month
4. Resign on 16-20 of month -> pay salary on 23 of month
5. Resign on 21-25 of month -> pay salary on 28 of month
6. Resign on 26 of month-01 of nex month -> pay salary on 03 of next month

Factory assigned one HRD & one Finance staff responsible for ensuring compliance.  
Until now, 100% resigned workers are paid on time"

Action plan status: Completed

Completion date: 12/05/18

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

- 1.The factory provides 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.
- 2.The factory deducts a union fee of VND 31,000 (USD 1.37) per month from salaries of workers that are in the union without the written consent of workers, though all interviewed workers are aware of this deduction.
- 3.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

Vietnamese Labor Code, Article 193.1; Law on Trade Union, Article 24.1; FLA Workplace Code (Freedom of Association Benchmarks FOA.2, FOA.15, and FOA. 24)

### COMPANY ACTION PLANS

1. 1. Factory will set up policy on Termination & Retrenchment. 2. Factory will add the policy on Termination & Retrenchment in the orientation training for new comers. 3. HR staff is responsible for sharing with all employees. 4. All polices are posted in bulletin board so that all employees can read any time. 5. Compliance team will randomly interview workers to ensure them to understand factory's procedures and policies.

Action plan status: In progress

2. 1. Factory will set up a procedure on Retrenchment. 2. Factory will add the procedure on Retrenchment in the orientation training for new comers. 3. HR staff is responsible for sharing with all employees. 4. All polices are posted in bulletin board so that all employees can read any time. 5. Compliance team will randomly interview workers to ensure then understand factory's procedures.

Action plan status: In progress

3. 1. HRD & Finance will review the procedure of paying resigned and terminated workers and divide 5 times of payment in the month. 2. Responsible staff of HRD & Finance is responsible for following the payment time to ensure within 7 days. . 3. Monthly Compliance team will check compliance of HR & Finance staffs.

Action plan status: In progress

4. 1. Our Finance changed the salary formula to calculate the average salary of the six months prior to resignation or termination. 2. Factory commit to implement law regulations of paying unused annual leave for resigned and terminated workers. 3. Monthly, Compliance team will check some cases of resigned and terminated workers to ensure paying workers' unused annual leaves as required by law.

Action plan status: In progress

## FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. The factory has written disciplinary procedures, however there is no procedure for workers to appeal disciplinary actions against them.

2. The factory does not send written invitations to the concerned worker and the Trade Union representative to participate in the disciplinary meetings five days prior to the scheduled meeting. Instead, the disciplinary meeting is held right after the occurrence of the violation.
3. The disciplinary decision is not sent to the worker or the Trade Union representative. As they do not receive the final disciplinary decision, interviewed workers are not aware if they have been disciplined.
4. Breastfeeding workers are given written warning letters as a form of discipline even though workers who are breastfeeding are legally not allowed to be disciplined during this period.

#### Local Law or Code Requirement

The Vietnam Labor Code on Discipline and Material Responsibility, Decree No. 05/2015/ND-CP; FLA Workplace Code (H/A.1, ER.27.3.1, ER.27.4).

## COMPANY ACTION PLANS

1. 1. Factory has added into the procedure of disciplinary detailed steps for workers to appeal disciplinary actions against them.
2. All HRD staffs have trained about this procedure.
3. Factory will add this procedure in the orientation training for new comers.
4. HR staff is responsible for sharing with all employees.
5. All polices are posted in bulletin board so that all employees can read any time.
6. Compliance team will randomly interview workers to ensure they understand factory's procedures and policies.

Action plan status: In progress

2. 1. Factory will revise the procedure of disciplinary in which included sending the written invitation to the concerned worker and Trade Union representative at least 5 days before holding the meeting. 2. HRD staff is responsible for complying the procedure
3. Monthly, Compliance team check to ensure compliance.

Action plan status: In progress

3. 1. Factory will revise the procedure of disciplinary to ensure the disciplinary decision to be sent to the worker/trade union representative 2. HRD staff is responsible for sending a copy of disciplinary decision to workers for keeping. 3. Monthly, Compliance team will randomly interview disciplined workers to ensure they are aware if they have been disciplined.

Action plan status: In progress

4. 1. Factory set up a meeting with all department heads to remind about the types of disciplines and comply the procedure of disciplinary. 2. HRD will strictly follow up departments to comply the procedure of disciplinary such as checking types of discipline in the discipline form to match with internal labour regulation. 3. Compliance team will check all Disciplinary minutes regularly to ensure compliance.

Action plan status: Scheduled

5. "Factory has set up a procedure of monitoring employees who cannot be disciplined as stipulated. HRD staff is responsible for checking all disciplinary minutes from departments to ensure compliance. Monthly Sustainability staff check compliance"

Action plan status: Completed

Completion date: 12/05/18

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

- 1.The factory has a general Environmental Protection policy but no written commitment to minimize impacts with respect to air emissions, waste, hazardous materials and to conserve energy and water. The factory does have detailed records and measures of environment performance, including the Higgs Index, though no complete Environmental Management System in place.
- 2.The waste sludge from the boiler has never been tested nor treated, and is stored on site in an unlabeled bin, without a secondary container. This waste should be tested and, if necessary, arrangements should be made to treat this potentially hazardous waste for proper removal and disposal.

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

## COMPANY ACTION PLANS

1. 1. Factory has added the commitment to minimize impacts with respect to air emissions, waste, hazardous materials and to conserve energy and water into the Environmental policy.
2. All procedures and policies will be reviewed and updated (if needed) periodically.
3. EMS team will follow the consumption of using energy, water and testing result of air emissions, waste-water to meet Environmental objectives.

Action plan status: In progress

2. 1. Factory has sent sample of waste sludge from boiler for testing and result is no hazardous component.
2. When operating waste water treatment plant in Regent 2 in April 2017, we will connect this water to Waste water treatment plant.
3. Factory will test waste sludge from boiler quarterly to confirm if it is normal waste.

Action plan status: Scheduled

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The chemicals inventory list is not complete as it does not include washing chemicals.
2. Wash chemical (Elam BLC) lacked a complete Material Safety Data Sheet. A Vietnamese version is posted in the production area but it did not list the chemical composition. Additionally, the Personal Protection Equipment (PPE) requirements did not match the English version of the MSDS, which listed the required PPE and chemical composition.
3. There are no load limits posted on the storage racks in the warehouses. Some racks were stacked improperly and unsafely.
4. There are no clinic personnel on the safety committee, as required by law.
5. The water tower and water tanks are not marked with warning signs stating that they are confined spaces. The factory also does not lock the areas or restrict access and no special equipment or safety procedure is posted or available.
6. Traffic lanes are not marked. There are also no marked walkways, crossings or height limits. There are some convex mirrors at some blind corners, but not all.

##### Local Law or Code Requirement

Vietnam Occupational Health and Safety Law, Article 75.3; FLA Workplace Code (Benchmarks Health, Safety & Environment Benchmarks HSE.1, HSE.9, HSE.10, HSE.14, HSE.15)

## COMPANY ACTION PLANS

1. 1. Factory will re-train the procedure of purchasing, using and storage chemicals. 2. All departments using chemicals are responsible for sending all information about new chemicals to chemical management staff for checking and updating. 3. Monthly, Chemical management staff randomly check chemicals in the area using chemicals to ensure all chemicals were included in Chemical Inventory List.

Action plan status: In progress

2. 1. Chemical suppliers commit to send correct MSDS with full information to factory. 2. Before buying a new chemical, Purchasing staff always ask suppliers to send Vietnamese MSDS for checking. 3. If the chemical doesn't have any banned substances, chemical management staff will confirm for buying and update new chemical in the inventory list with MSDS 4. Monthly, Chemical management staff will check MSDS to ensure compliance.

Action plan status: In progress

3. 1. Warehouse Manager work with supplier to take information about load limits for racks. 2. Warehouse clerks will post load limits on all storage racks. 3. All warehouse workers will be trained about this requirement to avoid loading goods over limits. 4. Supervisor of each warehouse regularly check the load limits to ensure not exceeding the limits. 5. Monthly, VC team will conduct audit to follow-up warehouse's compliance.

Action plan status: In progress

4. 1. Factory has re-established the safety committee which including clinic personel. 2. Factory ensure all members of safety committee are trained about H&S knowledge and certified. 3. Factory assign 1 VC officer in charge of updating law and sending new requirements to related departments to comply immediately. 4. Monthly, VC team will conduct internal audit to ensure compliance of all departments.

Action plan status: In progress

5. 1. Factory had policy on confined spaces. 2. Factory set up a meeting with Maintenance staffs to share about this policy and remind them to comply. 3. Re-post "Unauthorized access" at confined spaces. 4. Monthly, VC team will conduct audit to follow-up confined spaces.

Action plan status: In progress

6. 1. Factory has marked traffic lanes, walkways, crossing and set traffic signs. 2. Factory will announce to all employees through radio so that they understand their traffic lanes. 3. Forklift operators, Drivers must comply with the limited speed and lanes when driving in factory to ensure safety. 4. Daily, VC team will go around the factory to check compliance of all employees.

Action plan status: Scheduled

7. Factory checked all areas in the factory and made the list of confined spaces including warning sign, unauthorized entry.

Action plan status: Completed

Completion date: 12/05/18

## FINDING NO.11

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. There is a lack of written safety procedures and training for manual lifting and loading. The factory does not provide lifting belts.
2. Only some individual workstations are adjustable to fit individual workers. Sewing tables are adjustable, but most chairs are not. Anti-fatigue mats were not provided to all workers; for example, the QC workers were not provided with mats.
3. Chain mail cutting gloves are only available in one size which appears too large for some workers.
4. Welding workers wear masks; however, they do not wear gloves, sleeves or aprons.
5. Some jobs lack posted safety Standard Operating Procedures (SOP). The table cutting operation has a safety SOP, however, it does not forbid workers from standing on the table.
6. The SOP for fire pump operating exists but does not include safety guidance or testing procedures.
7. Some electric panels are left open.

##### Local Law or Code Requirement

FLA Workplace Code (Benchmarks Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.10, HSE.13, HSE.14, HSE.15, HSE.17)

##### Recommendations for Immediate Action

1. Provide workers with lifting belts and train workers on how to use these lifting belts.
2. Ensure that welding workers are provided with and wear proper PPE. 3. Provide training in the proper use of PPE. Close all electric panels.

### COMPANY ACTION PLANS

1. 1. Factory has designed a training program for manual lifting and loading, adding this content to orientation training. 2. Supervisors of warehouse and packing area remind their workers to follow these regulations. 3. Factory has many posters in warehouse and packing area to remind correct and incorrect posture when manual lifting and loading. 4. Regularly communicate with worker through radio about the risk if they work by wrong posture.

Action plan status: In progress

2. 1. Factory ensure workers to have rest time for relaxing 2. All workers are provided plastic slippers, ironers are provided anti-fatigue mats. 3. Supervisors are responsible for reminding workers wearing plastic slippers during working time 4. Monthly, Compliance team will check compliance of wearing plastic slippers during working time.

Action plan status: In progress

3. 1. Production Clerk of each unit will check with their cutters to know their real hand size. 2. Purchasing staff will find another supplier to see if he/ she has smaller size. 3. Production Clerk will order new cutting gloves which are proper sizes of their cutters. 4. Monthly, Compliance team will check randomly some metal gloves of cutters to see the suitability.

Action plan status: In progress

4. 1. Factory will re-train PPE use to Maintenance staff. 2. MTN Supervisors are responsible for reminding their workers using PPE 3. PPE training is included in orientation training for new comers and annual training for all employees. 4. Monthly, Compliance team will check the whole factory to ensure all workers use PPE

Action plan status: In progress

5. 1. Factory will re-train labor safety to all cutters 2. Cutting supervisor of each unit remind their workers about safety SOP and

point out the risk of standing on the table while cutting. 3. Monthly, Compliance team will conduct audit to ensure all Cutters understand the requirement and comply.

Action plan status: In progress

6. 1. MTN manager will revise the procedure of fire pump operation 2. MTN manager is responsible for reminding MTN staffs about the SOP for fire pump operating. 3. Monthly, VC team will interview MTN staffs to ensure they understand the SOP and can implement when emergency cases cause.

Action plan status: In progress

7. 1. Factory have a meeting with MTN department to share electrical safety, especially electrical boxes requirements to ensure all person in charge will understand and comply. 2. MTN staffs re-check all electrical boxes and cover if missing any part. 3. Monthly, Compliance team will randomly check some electrical boxes to ensure compliance.

Action plan status: In progress

8. "All workers are free of movement during working time ( drinking water/ go to toilet/go to clinic...)  
Factory's regulation mentions short break time: 5 minutes in morning and 5 minutes in afternoon. All workers are relaxing by doing exercise

All ironers are provided fatigue mats. Other standing operations are not standing long. They move to take goods.

Factory provides slippers which help standing workers feel comfortable the same as fatigue mats. It is easy for them to move.

"

Action plan status: Completed

Completion date: 12/05/18

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The fire alarm system is subject to frequent errors and false alarms. This occurred at least three times over the two assessment days.
2. Internal checks and repairs are carried out by maintenance on the fire alarms, but the warranty has expired in Blocks 1 and 2; no external inspection has been done since the system was installed in 2015.
3. The fire alarms cover the main production buildings and areas, but not the waste storage areas.
4. Assembly areas are not posted or marked on-site and are located on the road outside the factory gates, this can cause obstruction for emergency vehicles. The assembly areas are shown on some fire drill plans, but are not clearly defined or posted.
5. Annual basic fire risk assessments are done internally, but there has not been a third-party fire risk assessment.
6. The factory has adequate firefighting equipment and PPE, according to local law, but are missing breathing apparatus.

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5 and HSE.6)

#### Recommendations for Immediate Action

- 1.Ensure all fire alarms are functioning. Frequently check the fire alarm systems to ensure their functionality.
- 2.Ensure fire alarms cover all areas of the facility, including the waste storage areas.
- 3.Clearly define an evacuation area that will not pose risks to workers. Additionally, revise all fire drill plans to clearly mark the evacuation areas.

### COMPANY ACTION PLANS

1. 1. Supplier fixed the error immediately after audit date 2.Maintenance staff is responsible for checking and maintaining fire alarm system to ensure them in good condition

Action plan status: In progress

2. 1. Factory signed contract with an authorized agency to conduct maintainece of fire-fighting system in Dec, 2016. 2. MTN Supervisors are responsible for checking all fire-fighting equipment to ensure them in good condition and working with the external inspection company to do maintenance 3. VC team is responsible for following the time of external inspection.

Action plan status: In progress

3. 1. All cleaners are trained waste classification and work with the waste treatment company to collect waste daily. 2. Fire extinguishers are set up at waste storage 3. Waste house is far from production

Action plan status: In progress

4. 1. Compliance staff will send documentary to Management of Industrial Zones to have approve of marking on-site assembly areas because it belongs to Industrial Zone's land. 2. Factory mark assembly areas on the road outside the factory gates. 3. Compliance staff re-make evacuation maps to ensure full required information and same as actual layout. 4. All employees are trained place of assembly when evacuating

Action plan status: In progress

5. 1. Factory buy Fire Insurance which include all areas. 2. Factory ensure all buildings to be assessed fire risks by insurance company yearly 3. All fire fighting system and fire alarm system are inspected and maintained. 4. Compliance team check compliance of Finance department about buying Fire Insurance and maintenance of related department

Action plan status: In progress

6. The factory will provide breathing apparatus as required.

Action plan status: In progress

7. "Factory made a procedure of checking fire fighting system.

+ All fire alarms are tested weekly ( every Sat)

+ Other system is tested once a month

+ All "

Action plan status: Completed

Completion date: 12/05/18

8. 1. "Factory made a procedure of checking fire fighting system.

+ All fire alarms are tested weekly ( every Sat)

+ Other system is tested once a month

+ All "

3. Factory will install fire alarm for waste storage

Action plan status: Completed

Completion date: 12/05/18