



COMPANIES: Kathmandu  
COUNTRY: Vietnam  
ASSESSMENT DATE: 10/30/17  
ASSESSOR: One Step Vietnam  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 569

## 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
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## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

1. The probation period is one month instead of 6 days, 30 days, or 60 days depending on the job's position as per local law. ER.1.1
2. One female elderly worker (58 years old) works seven hours per day which is in compliance with legal requirements. However, her labor contract states that she works 48 hours per week and that her daily hours are from 8:00 to 17:00 with OT hours from 17:00 to 21:00 (if any). ER.14

##### Local Law or Code Requirement

Labor Code No. 10/2012/QH13 (2013), Article 27; Decree No. 05/2015/ND-CP, Article 4; FLA Workplace Code (Employment Relationship Benchmarks ER.1.1 and ER.1)

#### COMPANY ACTION PLANS

1. 1.

IA

1. Create written policies and procedures outlining the probation process for all Employment Functions. 2. Provide all employees with education on the probation policies and procedures outlining process for all Employment Functions and respond to

questions.

- SI
1. Train HR and related personnel on the review process
  2. Include review process in worker handbook. 3. Include reviews of employment functions in worker orientation and trainings.
  4. Monitor implementation

Action plan status: In progress

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

The factory does not conduct a periodic review or update of its policies and procedures for the following employment functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Environmental Protection, Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, and Health & Safety. ER.1.3, ER.29, ER.30, ER.31

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.29, ER.30, and ER.31)

### COMPANY ACTION PLANS

1. A
1. Create written policies and procedures outlining the periodic review of its policies and procedures for process for the following employment functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Environmental Protection, Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, and Health & Safety.
2. Provide all employees with education on the review process and respond to questions.

- SI
1. Train HR and related personnel on changes
  2. Include in worker handbook. 3. Include changes in worker orientation and trainings.
  4. Monitor implementation

Action plan status: Scheduled

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. The factory has not established written policies and procedures regarding promotion, demotion, and job reassignment that are implemented transparently and fairly. ER.30.1

2. The factory does not have a policy on performance reviews that includes steps and processes, demonstrates linkages to job grading, prohibits discrimination, provides written feedback and procedures on raising or broadening skills in order to advance workers in their careers. The written performance review policy and procedure to sign the labor contract is not established in factory. Thus, it could not prohibit the discrimination when using the result of this review process to decide whether workers could sign the labor contract/or fixed term contract after they finish their probation period and after they finish the fixed term contract. ER.29.1 ER.28,

3. The factory regulates in the wage scale (which was approved by Local Department on December 13, 2016) that factory shall provide compensation payment at least at minimum wage rate VND 3,500,000 (USD 153.85) for workers who had piece rate salary lower than contracted wages. However, the legal basic wage in 2017 is VND 3,750,000 (USD 164.84) + 7% skill allowance + 5% hazardous and harmful allowance. Note: in practice, the factory provides sufficient compensation payment for workers who have piece rate salary lower than contract wages. ER.1

4. The factory does not have written policies on industrial relations. ER.25

5. The termination procedure is not well established:

a) It does not include how to handle workers absent 5 or more days without prior notification to the factory. ER.32

b) It lacks a policy and procedure on retrenchment. ER.1, ER.32

#### Local Law or Code Requirement

Decree No. 49/2013/ND-CP, Decree No. 05/2015/ND-CP, Article 30; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.28, ER.29, ER.30 and ER.32)

## COMPANY ACTION PLANS

1. IA

1. Create written policies and procedures outlining established written policies and procedures regarding promotion, demotion, and job reassignment. 2. Provide all employees with education on the polices and procedures to ensure they are implemented transparently and fairly and respond to questions.

SI

1. Train HR and related personnel on these changes  
2. Include in worker handbook. 3. Include changes on worker orientation and trainings.  
4. Monitor implementation

Action plan status: In progress

2. 3.2

IA

1. Create written policies and procedures on performance reviews that includes steps and processes, demonstrates linkages to job grading, prohibits discrimination, provides written feedback and procedures on raising or broadening skills in order to advance workers in their careers. 2. Provide all employees with education on the new polices and procedures to ensure they are implemented transparently and fairly and respond to questions.

SI

1. Train HR and related personnel on changes to legal wage scale  
2. Include in worker handbook. 3. Include changes on worker orientation and trainings.  
4. Monitor implementation

Action plan status: In progress

3. 3.3

IA

1. Create written policies and procedures on the wage scale approved by Local Department on December 13, 2016  
2. Ensure the factory provides compensation payment at least at minimum wage rate.  
3. Provide all employees with education on the new wage scale and respond to questions.

SI

1. Train HR and related personnel on industrial relations policy  
2. Include in worker handbook. 3. Include changes on worker orientation and trainings.  
4. Monitor implementation

Action plan status: In progress

4. 3.5

IA

1. Create written policies and procedures on the termination procedures.  
2. Ensure it addresses how to handle workers absent 5 or more days without prior notification to the factory.  
3. Ensure it includes a policy and procedure on retrenchment.  
4. Provide all employees with education on the new termination procedures and respond to questions.

SI

1. Train HR and related personnel on changes to the termination process and policy

Action plan status: In progress

5. 3.4 IA 1. Create written policies and procedures on industrial relations. 2. Provide all employees with education on the new policies and procedures on industrial relations and respond to questions. SI 1. Train HR and related personnel on changes to termination procedures 2. Include in worker handbook. 3. Include changes on worker orientation and trainings. 4. Monitor implementation

## FINDING NO.4

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. Five members of the canteen staff and seven security guards receive a basic salary lower than the legal minimum wage (approximately VND 3,500,000 (USD 153.85) to 4,000,000 (175.82)) instead of the legally required VND 4,012,500 (USD 176.37). C.2
2. The factory did not provide the legally required half day's basic salary per training day for each member for the 20 members of the firefighting team who took the fire skill training on May 23 – 24, 2017. C.1
3. The factory provided a legal allowance of VND 300,000 (USD 13.19) to the team leader of the firefighting team instead of the legally required VND 390,000/month (VND 1,300,000 x 0.3) (USD 17.14). Note that this new regulation took effect in July 2017. C.1
4. Three members of the canteen staff, who have signed fixed term labor contracts, were not contributing to the mandatory insurance as required by law. C.10.1, ER.22

##### Local Law or Code Requirement

Decree 49/2013/ND-CP; Decree No. 79/2014/ND-CP, Article 35; Decree 47/2017/ND-CP; Article 186, Vietnam Labor Law; FLA Workplace Code (Compensation Benchmarks C.1, C.2, and C.10.1; Employment Relationship Benchmark ER.22)

##### Recommendations for Immediate Action

1. Follow all legal requirements related to compensation and minimum wage and ensure that all subcontractors are doing so as well.
2. Provide 0.5 day's basic salary per training day for each member as back pay and ensure that the fire-fighting team is provided with the sufficient support and incentives.
3. Retroactively pay the legally required monthly allowance for the team leader and vice-squads of the fire-fighting team.
4. Ensure that all employees with fixed term labor contract contribute to mandatory insurance as required by law.

### COMPANY ACTION PLANS

1. 4.1

IA

1. Follow all legal requirements related to compensation and minimum wage and ensure that all subcontractors are doing so as well.

SI

1. Train HR and related personnel on legal wage rates for all staff and implement the legal wages within the factory.
2. Communicate with workers and post on bulletin boards, include in worker handbook, orientation and training.
3. Create system to monitor the payment of wages.
4. Ensure payments for workers are timely and accurate.
5. Implement contributions.
6. Monitor implementation

Action plan status: In progress

2. 4.2

IA

- Provide 0.5 day's basic salary per training day for each member as back pay and ensure that the fire-fighting team is provided with the sufficient support and incentives.

SI

1. Train HR and related personnel on legal wage rates for all staff and implement the legal wages within the factory.
2. Communicate with workers and post on bulletin boards, include in worker handbook, orientation and training.
3. Create system to monitor the payment of wages.
4. Ensure payments for workers are timely and accurate.
5. Implement contributions.

Action plan status: In progress

3. 4.3

IA

Retroactively pay the legally required monthly allowance for the team leader and vice-squads of the fire-fighting team.

SI

1. Train HR and related personnel on legal wage rates for all staff and implement the legal wages within the factory.
2. Communicate with workers and post on bulletin boards, include in worker handbook, orientation and training.
3. Create system to monitor the payment of wages.
4. Ensure payments for workers are timely and accurate.
5. Implement contributions.
6. Monitor implementation

Action plan status: In progress

4. 4.4

IA

Ensure that all employees with fixed term labor contract contribute to mandatory insurance as required by law.

SI

1. Train HR and related personnel on legal wage rates for all staff and implement the legal wages within the factory.
2. Communicate with workers and post on bulletin boards, include in worker handbook, orientation and training.
3. Create system to monitor the payment of wages.
4. Ensure payments for workers are timely and accurate.
5. Implement contributions.
6. Monitor implementation

Action plan status: In progress

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. The factory did not provide complete and detailed attendance records for the canteen staff or the security guards. Therefore, the compliance status of Hours of Work and Wages & Benefits could not be verified during the assessment. ER.1, ER.2
2. There were 7 people who were not entitled to a break of at least 12 hours before starting another shift during the past 12 months. HOW.3
3. In April, May and September 2017, approximately 50% of workers had excessive monthly overtime. Those workers worked from 31 to 96 hours maximum, which exceeds the legal requirement of 30 overtime hours per month. HOW 1.1
4. In May 2017, approximately 15% of workers had excessive weekly working hours. Those workers worked up to 72 hours, which exceeds the FLA's requirement of 60 hours per week. HOW 1.3, HOW.8.3
5. Security guards are not entitled to at least 24 consecutive hours of rest in every seven-day period. Seven security guards work 30 to 31 working days/month (including Sundays) during past 12 months. In addition, these workers do not receive compensated days-off, as required by law and FLA Benchmarks. HOW.2, C.1, C.6
6. The production plan was not available for review. The factory management stated that they could not provide this confidential information. Thus, it could not be verified that the production plan was based on the regular working hours only or not. ER.24

##### Local Law or Code Requirement

Vietnam Labor Law Article 106, Article 109, and Article 110 Section 1; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.2, and ER.24; Hours of Work Benchmarks HOW.1.1, HOW.1.3, HOW.2, and HOW.8.3; Compensation Benchmarks C.1 and C.6)

##### Recommendations for Immediate Action

1. Maintain all records about Hours of Work and Wages & Benefits of the canteen staff and the security guards for reference and be able to verify when necessary.
2. Provide workers with reasonable rest breaks between two shifts.

3. Ensure that working hours do not exceed legal overtime limits and FLA working hours standards.

4. Ensure that workers receive at least 24 consecutive hours of rest in every seven-day period. And ensure workers are credited for all time worked for the factory and get paid accurately.

## COMPANY ACTION PLANS

1. 5.1

IA

1. Maintain all records about Hours of Work and Wages & Benefits of the canteen staff and the security guards for reference and be able to verify when necessary.

SI

1. Train HR and related personnel on workers' time records and their use of permits to go home early.  
2. Communicate the legal requirements with workers and post on bulletin boards, include in worker handbook, orientation and trainings.

3. Create system to monitor workers' time records and their use of permits to go home early.

4. Monitor implementation.

Action plan status: In progress

2. 5.2 IA Provide workers with reasonable rest breaks between two shifts. SI 1. Train HR and related personnel on hours of work and legal requirements related to it. 2. Communicate the legal requirements with workers and post on bulletin boards, include in worker handbook, orientation and trainings. 3. Create system to monitor hours of work. 4. Monitor implementation.

Action plan status: In progress

3. 5.3 IA Ensure that working hours do not exceed legal overtime limits and FLA working hours standards. SI 1. Train HR and related personnel on hours of work and legal requirements related to it. 2. Communicate the legal requirements with workers and post on bulletin boards, include in worker handbook, orientation and trainings. 3. Create system to monitor hours of work. 4. Monitor implementation.

Action plan status: In progress

4. 5.4 IA Ensure that working hours do not exceed legal overtime limits and FLA working hours standards. SI 1. Train HR and related personnel on hours of work and legal requirements related to it. 2. Communicate the legal requirements with workers and post on bulletin boards, include in worker handbook, orientation and trainings. 3. Create system to monitor hours of work. 4. Monitor implementation.

Action plan status: In progress

5. 5.5 IA Ensure that workers receive at least 24 consecutive hours of rest in every seven-day period. And ensure workers are credited for all time worked for the factory and get paid accurately. SI 1. Train HR and related personnel on hours of work and legal requirements related to it. 2. Communicate the legal requirements with workers and post on bulletin boards, include in worker handbook, orientation and trainings. 3. Create system to monitor hours of work. 4. Monitor implementation.

Action plan status: In progress

6. .6 IA Provide a copy of the production plan. SI 1. Review with management the need for transparency during audits as part of the Terms of Trade Agreement the supplier has with Kathmandu.

Action plan status: In progress

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1. Employees and supervisors are not trained on the factory's policies and procedures on labor (Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Industrial Relations, Environmental Protection, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System). Moreover, there is no orientation training for new workers. ER.1, ER.15, ER.16, ER.17, ER.25

2. The factory's policies and procedures on HSE (Health, Safety and Environment) were not reviewed and trained to the employees and managements periodically. ER.31.1

##### Root Causes

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, ER.17 and ER.25, and ER. 31.1)

## COMPANY ACTION PLANS

1. 6.1

IA

1. Review and train all employees and management periodically on the policies and procedures on HSE (Health, Safety and Environment)
2. Provide such training to managers and supervisors.
3. Respond to questions.

SI

1. Appoint relevant HR and related personnel to be responsible for training and education within the factory
2. Include H and S training for managers and supervisors upon appointment and/or promotion
3. Include H and S training in orientation training for new workers
4. Create system to monitor and record such training

Action plan status: In progress

2. 6.2

IA

1. Review and train all employees and management periodically on the policies and procedures on HSE (Health, Safety and Environment)
2. Respond to questions.

SI

1. Appoint relevant HR and related personnel to be responsible for training and education within the factory
2. Include such training for managers and supervisors upon appointment and/or promotion
3. Include such training in orientation training for new workers
4. Create system to monitor and record such training

Action plan status: In progress

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The Material Safety Data Sheet (MSDS), secondary containment, chemical safety equipment and chemical labels are not provided for the machine oil or the other chemical containers located in the basement of the warehouse. HSE.9, HSE.10
2. The factory has uses five types of chemicals (machine oil, HS-004, printing ink SUB, A-107, and A-404) but only one chemical has a Material Safety Data Sheet (MSDS). HSE.10
3. Hazardous waste, such as used chemical containers and used light bulbs, is not stored in the designated area. In addition, the hazardous waste was not classified and labeled properly in the hazardous waste storage. HSE.1, HSE.9
4. Oil waste leaks into the environment (the ground) at the compressor area. HSE.1

##### Local Law or Code Requirement

Law No. 06/2007/QH12 on Chemicals (2007), Article 29; Circular No. 36/2015/TT-BTNMT on Management of Hazardous Wastes (2015), Article 7; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.9, and HSE.10)

##### Recommendations for Immediate Action

1. Provide the Material Safety Data Sheet (MSDS), secondary containment, chemical safety equipment, and chemical labels for all chemicals of the factory when transporting, storing, and using.
2. Maintain and post the MSDS for all chemicals that are used and stored in the factory.
3. Store, classify, and label hazardous waste in the designated area.
4. Inspect and maintain the air compressor tanks to prevent the leaking of machine oil. Collect and treat machine oil according to

applicable requirements.

## COMPANY ACTION PLANS

1. 7.1 IA 1. Provide the Material Safety Data Sheet (MSDS), secondary containment, chemical safety equipment, and chemical labels for all chemicals of the factory when transporting, storing, and using. SI 1. Review current environmental policy and procedures 2. Revise policies to align with legal requirements of management and labeling of chemicals. 3. Train HR and related personnel on changes 4. Include changes on worker orientation and trainings.

Action plan status: In progress

2. 7.2 IA Maintain and post the MSDS for all chemicals that are used and stored in the factory. SI 1. Review current environmental policy and procedures 2. Revise policies to align with legal requirements of management and labeling of chemicals. 3. Train HR and related personnel on changes 4. Include changes on worker orientation and training.

Action plan status: In progress

3. 7.3 IA Store, classify, and label hazardous waste in the designated area. SI 1. Review current environmental policy and procedures 2. Revise policies to align with legal requirements of management and labeling of chemicals. 3. Train HR and related personnel on changes 4. Include changes on worker orientation and trainings.

Action plan status: In progress

4. 7.4 IA Inspect and maintain the air compressor tanks to prevent the leaking of machine oil. Collect and treat machine oil according to applicable requirements. SI 1. Review current environmental policy and procedures 2. Revise policies to align with legal requirements of management and labeling of chemicals. 3. Train HR and related personnel on changes 4. Include changes on worker orientation and training.

Action plan status: In progress

## FINDING NO.8

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

The non-hazardous waste is not classified as recyclable or non-recyclable. HSE.1

##### Local Law or Code Requirement

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

## COMPANY ACTION PLANS

1. 8.1

IA

Identify non hazardous waste as recyclable or non-recyclable.

Action plan status: In progress

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory has not conducted the Annual HSE training for:

a) Group 1: three foreign supervisors;

b) Group 3: one electrician;

c) Group 6: one member of hygiene-safety network. HSE.1

2. The food hygiene and safety certificate for one of the canteen staff expired in 2016. The worker has yet to take the refresher training. HSE.22.2, HSE.4

#### Local Law or Code Requirement

Article 17 – Decree 44/2016/ND-CP; Article 4, Decision 21 /2007/QĐ-BYT; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.4, and HSE.22.2)

### COMPANY ACTION PLANS

1. 9.1 IA 1. Appoint Health and Safety person responsible for training. 2. Provide training to: a) Group 1: three foreign supervisors; b) Group 3: one electrician; c) Group 6: one member of hygiene-safety network. SI 1. Create or amend Health and safety Policy to ensure all staff are trained. 2. Provide Health and safety training to all employees as part of their induction and at regular ongoing intervals.

Action plan status: In progress

2. 9.2 IA Provide hygiene and safety training to canteen staff. SI 1. Create or amend Health and safety Policy to ensure all staff are trained. 2. Provide Health and safety training to all employees as part of their induction and at regular ongoing intervals.

Action plan status: In progress

## FINDING NO.10

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The fire extinguishers in the non-hazardous waste storage and hazardous waste storage equipped are not equipped. HSE.5, HSE.6
2. Semi-products are blocking at least 5 observed emergency exit routes (aisles) in the cutting area and the sewing area. In addition, some workers in the sewing area are blocked. HSE.5
3. The factory has yet to comply with the Inspection Report of the local Fire Police Department on September 11, 2017, which requires the factory to equip more emergency exit lights and exit signs along the emergency exit paths. HSE.5, HSE.6
4. The factory has yet to comply with the Inspection Report of the local Fire Police Department on September 11, 2017, which requires the factory to maintain the fire alarm system. The factory has not conducted the maintenance for the fire alarm system. HSE.5, HSE.6
5. The factory has yet to comply with the Inspection Report of the local Fire Police Department on September 11, 2017, which requires the factory to equip a sufficient number of fire-fighting clothes and equipment for the fire-fighting team. The factory has 52 members of the fire-fighting team but has only provided four sets of clothes and equipment. HSE.6

#### Local Law or Code Requirement

TCVN 3890:2009, Article 5; Vietnam Building Code No. QCVN 06:2010/BXD, Article 3; Art.6, and Art.10, TCVN 3890:2009; Circular 56/2014/TT-BCA; Circular 48/2015/TT-BCA; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.5 and HSE.6)

#### Recommendations for Immediate Action

1. Equip the fire extinguishers in the non-hazardous waste storage and hazardous waste storage as per local law.
2. Keep emergency exits and aisles clear from obstructions at all times.
3. Install more emergency exit lights and exit signs as per the local Fire Police Department requirement.
4. Maintenance the fire alarm system and conduct regular inspections.
5. Provide the fire-fighting team sufficient fire-fighting clothes and equipment.

### COMPANY ACTION PLANS

1. 10.1 IA 1. Review procedures on fire safety and a fire risk assessment. 2. Equip the fire extinguishers in the non-hazardous waste storage and hazardous waste storage as per local law. SI 1. Create or amend Health and Safety Policy and Procedure addressing fire safety. 2. Provide training or source external training for all employees who need to follow up on a fire risk assessment. 3. Create procedures to ensure that the the fire safety reports are regularly assessed and followed up on.

Action plan status: In progress

2. 10.2 IA 1. Keep emergency exits and aisles clear from obstructions at all times. SI 1. Create or amend Health and Safety Policy and Procedure addressing fire safety. 2. Provide training or source external training for all employees who need to follow up on a fire risk assessment. 3. Create procedures to ensure that the the fire safety reports are regularly assessed and followed up on.

Action plan status: In progress

3. 10.3 IA Install more emergency exit lights and exit signs as per the local Fire Police Department requirement. SI 1. Create or amend Health and Safety Policy and Procedure addressing fire safety. 2. Provide training or source external training for all employees who need to follow up on a fire risk assessment. 3. Create procedures to ensure that the the fire safety reports are regularly assessed and followed up on.

Action plan status: In progress

4. 10.4 IA 1. Review procedures on fire safety and emergency evacuation. 2. Maintenance the fire alarm system and conduct regular inspections. SI 1. Create or amend Health and Safety Policy and Procedure addressing fire safety. 2. Provide training or source external training for all employees who need to follow up on a fire risk assessment. 3. Create procedures to ensure that the the fire safety reports are regularly assessed and followed up on.

Action plan status: In progress

5. 10.5 IA 1. Review procedures on regularly inspecting and testing the emergency exit lights. 2. Provide the fire-fighting team sufficient fire-fighting clothes and equipment. SI 1. Create or amend Health and Safety Policy and Procedure addressing fire safety. 2. Provide training or source external training for all employees who need to follow up on a fire risk assessment. 3. Create procedures to ensure that the the fire safety reports are regularly assessed and followed up on.

Action plan status: In progress

## FINDING NO.11

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The foods samples are kept for 24 hours instead of at least 72 hours. HSE.22.1
2. The first aid kits are equipped at the canteen and at the workplaces. However, they lack required items such as waterproof nylon pads, safety goggles, splints, and etc. HSE.18
3. The clinic room has only one sick-bed instead of two sick-beds. HSE.18
4. The eye-wash at the chemical storage is blocked. HSE.6, HSE.7

##### Local Law or Code Requirement

Circular No. 19/2016/TT-BYT on Guidelines for Occupational Health and Safety Management (2016), ANNEX 4; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.6, HSE.7, HSE.18, and HSE.22.1)

### COMPANY ACTION PLANS

1. 11.1

IA

1. Appoint Health and Safety person responsible for procedures related to the canteen and food safety.
2. Ensure that they monitor that food samples are kept for 72 hours.

SI

1. Create or amend Health and safety Policy and Procedure addressing the regular checking of all food safety.
2. Provide Health and safety training to all relevant canteen employees on food safety and the need to keep samples 72 hours.
3. Create a procedure for the regular monitoring this.

Action plan status: In progress

2. 11.2

IA

1. Appoint Health and Safety person responsible for the factory.
2. Identify which equipment (such as this first aid kit) is in urgent need of restocking, replacements or repairs to ensure health of workers.
3. Arrange for the first aid kit to be restocked and updated.

- SI
1. Create or amend Health and safety Policy and Procedure addressing the regular checking of all safety equipment including all first aid kits.
  2. Provide Health and safety training to all employees on the use of all safety equipment including first aid kits.
  3. Create a procedure for the regular monitoring the replacement of all first aid kits.

Action plan status: In progress

3. 1.3  
IA

1. Appoint Health and Safety person responsible for the factory.
2. Identify which equipment (such as this extra bed) is in urgent need of replacement or repair to ensure health of workers.
3. Arrange for a second bed to be placed in the clinic.

- SI
1. Create or amend Health and safety Policy and Procedure addressing the regular checking of all safety equipment.
  2. Provide Health and safety training to all employees on the use of all safety equipment.
  3. Create a procedures for the monitoring the repair and maintenance of such equipment.

Action plan status: In progress

4. 11.4  
IA

1. Appoint Health and Safety person responsible for regularly checking all safety equipment.
2. Identify which equipment (such as this eye wash unit) is in urgent need of replacement or repair to ensure health of workers.
3. Repair the eye wash unit by unblocking it.

- SI
1. Create or amend Health and safety Policy and Procedure addressing the regular checking of all safety equipment.
  2. Provide Health and safety training to all employees on the use of all safety equipment.
  3. Create a procedures

Action plan status: In progress

## FINDING NO.12

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

At least 10 observed sewing workers set the needle-guard too high that could not be able to protect their fingers. HSE.7, HSE.14

##### Local Law or Code Requirement

Circular No. 04/2014/TT-BLDTBXH on Guiding Implementation of Regulations on Personal Protective Equipment (2014), Article 4; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.7 and HSE.14)

##### Recommendations for Immediate Action

Train workers on the use of the machine guards.

### COMPANY ACTION PLANS

1. 12.1  
IA

1. Appoint Health and Safety person responsible for training staff on the correct use and monitoring of needle-guards, providing safety instructions and placing warning signs on all the machines in factory.
2. Review which staff are not using the guards on their machines and require such guards to be used and safety instructions to be followed.
3. Install guards, safety instructions or warning signs where there are none.

SI

1. Create or amend Health and safety Policy and Procedure addressing the use of guards, safety instructions and warning signs
2. Provide Health and safety training to all employees on the safe use of machinery and ensuring that all machines ha

Action plan status: In progress

## FINDING NO.13

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. The factory has not yet conducted an ergonomic assessment and does not proactive steps to reduce repetitive-motion stress/injures. The sewing workers who sit during working hours are not provided with a chair with back-support and an adjustable height.HSE.17
2. The hand-washing basins in the canteen area are not equipped for hand washing. HSE.19
3. The fire-fighting team has only one team leader and one vice-squad instead of the legally required two vice-squads. HSE.1
4. The factory does not have a breastfeeding room for female workers. ND.8.1

##### Local Law or Code Requirement

Circular No. 66/2014/TT-BCA, Article 15; FLA Workplace Code (Health, Safety, & Environment Benchmarks HSE.1, HSE.17, and HSE.19; Non-Discrimination Benchmark ND.8.1)

### COMPANY ACTION PLANS

#### 1. 13.1

##### IA

1. Appoint Health and Safety person responsible for preventing repetitive-motion stress and/or injuries to relevant workers.
2. Identify which workers are in most need of additional equipment to ensure their health and prevent repetitive-motion stress and/or injuries.
3. Create a purchasing budget to begin buying the necessary equipment. 4. Implement training and provide training and equipment to relevant workers.

##### SI

1. Create or amend Health and safety Policy and Procedure addressing safe use of preventattive equipment and related training.
2. Provide Health and safety training to all employees who are at risk of repetitive-motion stress and/or injuries as part of their work.
3. Create a procedures for the storage, use and replacement of supporting and preventative equipment as needed.

Action plan status: In progress

2. 13.2 IA 1. Appoint Health and Safety person responsible for canteen. 2. Set up a checklist for hand washing basins including refilling soap and sanitary products. 3. Refill soap containers and ensure all hand washing basins are clean and working. SI Create or amend Health and safety Policy and Procedure to include the monitoring of canteen cleaning and hand washing facilities and their upkeep.

Action plan status: In progress

3. 13.2 IA 1. Appoint Health and Safety person responsible for canteen. 2. Set up a checklist for hand washing basins including refilling soap and sanitary products. 3. Refill soap containers and ensure all hand washing basins are clean and working. SI Create or amend Health and safety Policy and Procedure to include the monitoring of canteen cleaning and hand washing facilities and their upkeep.

Action plan status: In progress

#### 4. 13.3

##### IA

1. Review policy and procedures on the fire fighting teams.
2. Identify what needs to be done to ensure that this two team leaders and two vice squads as required by law.
3. Identify who is responsible for doing so.
4. Implement action.

SI

1. Create or amend Health and Safety Policy and Procedure addressing the need for two teams and two team leads.
2. Provide training or source external training for all employees who need to be qualified as part of these teams.
3. Create procedures to ensure that there is a regular training for these teams.

Action plan status: In progress

5. 13.4

IA

1. Review law relating to lactating and pregnant employees.
2. Provide a suitable private room for lactating employees to use as legally required.

SI

1. Train HR and related personnel on pregnant and lactating employees
2. Communicate this legal requirement with workers and post on bulletin boards, include in worker handbook, orientation and trainings.
3. Create system to monitor lactating and pregnant employees and offer them the legally required support and space to breastfeed
4. Monitor implementation

Action plan status: In progress

## FINDING NO.14

### SUSTAINABLE IMPROVEMENT REQUIRED

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

##### Finding Explanation

The factory does not properly or effectively communicate policies and procedures and their updates to the general workforce across the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Industrial Relations. ER.1, ER.16

##### Local Law or Code Requirement

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

### COMPANY ACTION PLANS

1. 14.1

IA

1. Develop training materials for managers and supervisors on how to properly and effectively communicate policies and procedures and their updates to the general workforce across the following Employment Functions: Recruitment, Hiring & Personnel Development, Termination & Retrenchment, and Industrial Relations.
2. Provide training to managers and supervisors on the importance of communicating these items to the general workforce.
3. Roll out such communication to all workers and respond to questions.

SI

1. Develop procedure on the effective communication with workers of policies and procedures.
2. Identify and train personnel/team responsible for communications with workers
3. Communicate these new procedures with workers
4. Monitor implementation

Action plan status: In progress

## FINDING NO.15

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

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 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

#### Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2, FOA.10, FAO.11, and FOA.12)

### COMPANY ACTION PLANS

1. 15.1

IA

Ensure workers have the freedom to form a worker representative group, or union, even if not to FLA standards. The goal being for workers to have some sort of avenue for communication with management.

Action plan status: In progress

## FINDING NO.16

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

#### Finding Explanation

Although the factory has two channels for reporting grievances, an email address and a suggestion box, there is no logbook to record the complaints. The factory stated that they did not receive any complaints the last year but interviews with workers and factory management confirmed that there were verbal complaints about the quality of food but the factory did not record this complaint. The factory reported that they were in the process of fixing this issue. Thus, the grievance procedure was incomplete. ER.25.3

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.25.3)

### COMPANY ACTION PLANS

1. IA

1. Review current worker grievances and the current formal grievance procedures and factory policy.
2. Rewrite the formal grievance procedure as it is currently written to ensure that management’s responses to grievances are posted or clearly communicated to workers.
4. Keep a record of all such grievances and document how they are resolved and communicated to workers.

SI

1. Review best practices for grievance policy and procedures
2. Revise details on grievance procedures and how management’s responses to grievances are to be posted or clearly communicated to workers.
3. Train HR and related personnel on changes.
4. Include changes on worker orientation, employee handbook and trainings.
5. Create system to monitor grievances of workers, their resolution and how responses are communicated to workers.

Action plan status: In progress