



COMPANY: Top of the World, LLC, Dallas Cowboys Merchandising, Ltd.
COUNTRY: Vietnam
ASSESSMENT DATE: 11/03/15
MONITOR: Global Standards (Vietnam)
PRODUCTS: Apparel
PROCESSES: Full [= full package]
NUMBER OF WORKERS: 1170
NUMBER OF WORKERS INTERVIEWED: 49
ASSESSMENT NUMBER: AA0000001928

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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.

Glossary

De minimis: A de minimis factory is a factory (1) with which the Company contracts for production for six months or less in any 24-month period; or (2) in which the Company accounts for 10% or less of the annual production of such facility. The FLA Charter states that in no event shall de minimis facilities constitute more than 15% of the total of all facilities of a Company, and the list of facilities designated as de minimis by a Company is subject to the approval of the FLA. Please note that collegiate-producing factories cannot count as de minimis.

Facility performance: how a facility rates in terms of a particular employment or management function, with 100% being the best possible score.

Fair labor standards: the minimum requirement for how workers should be treated in a workplace, as outlined in the [FLA Workplace Code of Conduct](#).

Employment life cycle: all aspects of an employee's relationship with the employer, from date of hire to termination or end of employment.

Code violation: failure to meet standards outlined in the FLA Workplace Code of Conduct in the workplace implementation of employment or management functions.

Employment Functions: The different components of the relationship between management and employees in a factory. An employment function is a process regulating an aspect of the employment relationship, such as the recruitment of workers. All employment functions together constitute the employment relationship between an employer and an employee.

1. Recruitment, Hiring & Personnel Development (e.g., performance reviews)
2. Compensation (e.g., wages, health care)
3. Hours of Work (e.g., overtime, documentation of working hours)
4. Industrial Relations (e.g., collective bargaining agreements)
5. Grievance System (e.g., worker communication with management)
6. Workplace Conduct & Discipline (e.g., discrimination, harassment)
7. Termination & Worker Retrenchment (e.g., downsizing, resignation)
8. Health & Safety (e.g., exposure to chemicals)
9. Environmental Protection (e.g., energy saving)

Management functions: violations or risks related to an employment function could be caused by the absence – or a problem in the operation – of any one of the management functions or in more than one.

1. Policy
2. Procedure
3. Responsibility & Accountability
4. Review Process
5. Training
6. Implementation
7. Communication & Worker Involvement
8. Support & Resources (only for the in-depth level)

Finding: indicators of potential gaps between desired and actual performance of the workplace on different employment functions.

Finding type

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute

an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

- *Sustainable improvement required*: findings that require sustainable and systematic actions. The factory will be asked to tackle the underlying root causes and to do so in a long-term and systematic manner to bridge the gap between actual and desired performance. Examples include a finding by the assessor that there is lack of termination policies and procedures in the workplace, lack of grievance system, etc.
- *Notable feature*: indicates a remarkable feature or best practice at a workplace. Examples might include workers' wages and benefits that are significantly above the industry average, or community benefits such as free daycare.

Local law or Code Requirement: applicable regulations and standards in a workplace, which serve as the basis for an assessment, as per local law or FLA Workplace Code of Conduct. When these two do not concur, the stricter of the two standards applies.

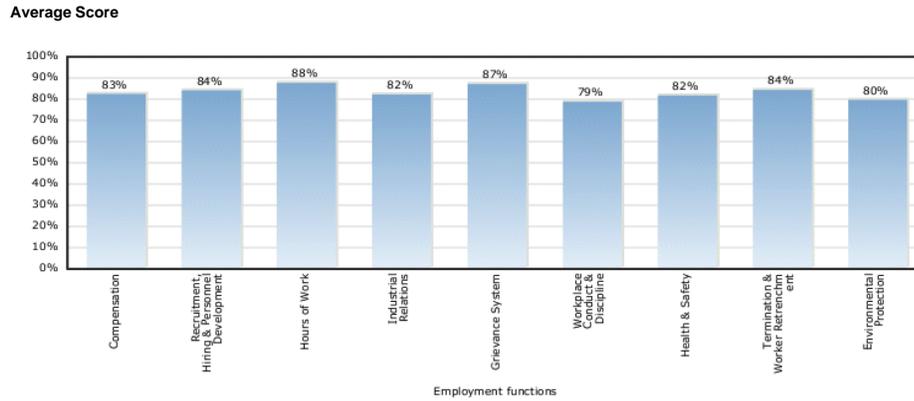
Root causes: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be that the worker did not use the hearing protection equipment because such equipment was not provided by management. However, upon a more thorough evaluation of available information, the assessor might find that the worker was indeed supplied with hearing protection equipment and with written information about the importance of wearing hearing protection, but was not trained on how to use the equipment and that use of the equipment was not enforced in a consistent manner by management.

Company action plan: a detailed set of activities outlined by the sourcing company and/or direct employer to address FLA findings.

Factory Profile

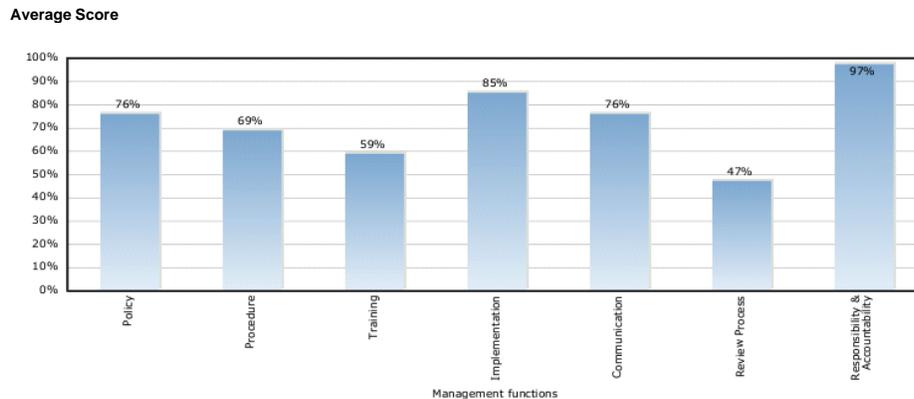
Score by Employment Function

Scores indicate a factory's performance related to a specific employment function based on an FLA assessment. A score of 100 percent indicates flawless operation of an employment function. A score of less than 100 percent indicates need for improvement.



Score by Management Function

Scores indicate a factory's performance related to a specific management function based on an assessment conducted for FLA by independent, accredited assessors. A score of 100 percent indicates flawless operation of a management function. A score of less than 100 percent indicates need for improvement.



Score Summary

Scores indicate the strength of management functions as they relate to different elements of the employment relationship (employment functions). For example (reading left to right), a score of 100 percent in the cell on the top left corner would indicate the existence of appropriate policies related to recruitment, hiring and personnel development.

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	76.14%	66.67%	100%	91.75%	80%	80%	80%	100%	100%
Procedure	89%	61%	75%	0%	100%	83.33%	100%	65.52%	20%
Responsibility & Accountability	87.5%	87.5%	91.67%	83.33%	87.5%	87.5%	87.5%	83.33%	83.33%
Review Process	50%	100%	50%	0%	0%	0%	0%	100%	66.67%
Training	65.38%	33.33%	33.33%	0%	66.67%	25%	33.33%	90.77%	50%
Implementation	90.69%	91.49%	90.32%	82.76%	100%	71.43%	100%	81.23%	80%
Communication	66.67%	50%	100%	100%	100%	83.33%	66.67%	83.33%	50%

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	Violations
Compensation	4	General Compliance Compensation Voluntary Wage Deductions Workers Awareness and Understanding of Compensation Compensation Disputes
Employment Relationship	12	General/Human Resource Management Systems Terms and Conditions/New Employee Orientation Terms and Conditions/Communication Terms and Conditions/Supervisor Training Industrial Relations Industrial Relations/Right to Organize, Bargain and Participate in Legal Strikes Work Rules and Discipline Skills Development/Management of Performance Reviews Recruitment and Hiring/Employment Decisions Skills Development/Promotion, Demotion and Job Reassignment Health, Safety, and Environmental Management System/Policies and Procedures Termination and Retrenchment/General Policies and Procedures
Forced Labor	1	Freedom of Movement
Freedom of Association and Collective Bargaining	3	General Compliance Freedom of Association Right to Collective Bargaining/Unorganized Workers Deduction of Union Dues and Other Fees
Harassment and Abuse	3	General Compliance Harassment or Abuse Discipline/Monetary Fines and Penalties Discipline/Freedom of Movement
Hours of Work	1	General Compliance Hours of Work
Health, Safety and Environment	8	General Compliance Health, Safety, and Environment Protection Reproductive Health Machinery Safety, Maintenance and Workers Training Ergonomics Sanitation in Workplace Facilities Permits and Certificates Evacuation Requirements and Procedure Chemical Management and Training
Non-Discrimination	3	General Compliance Nondiscrimination Recruitment and Employment Practices/Job Advertisements, Job Descriptions and Evaluation Policies Protection and Accommodation of Pregnant Workers and New Mothers

Findings and Action Plans

FINDING NO.1

TERMINATION & RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory's Termination practices do not comply with local law. The factory does not include payment of workers' severance allowance for the periods in which they did not contribute to Unemployment Insurance, such as probationary periods and maternity leave periods as legally required. By law, severance should cover all time worked even when employees do not contribute to unemployment insurance (such as: probation, apprenticeship, and maternity leave).
2. The factory does not pay workers severance for their multiple previous labor contracts if they illegally break the final contract as legally required.

Local Law or Code Requirement

Decree No. 05/2015/ND-CP guiding the implementation of the Labor Code; Circular No. 17/2009/TT-BLDTBXH of the MOLISA guiding on Labor Contract; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, and ER.32.1)

COMPANY ACTION PLANS

1. All procedures must be regularly updated and reviewed in accordance with local laws. Severance pay for all completed contracts must be paid in full.

Action plan status: Completed

Planned completion date: 11/24/15

Progress update: 12/23/16 : All procedures must be regularly updated and reviewed in accordance with local laws. Severance pay for all completed contracts must be paid in full.

Completion date: 11/24/15

FINDING NO.2

INDUSTRIAL RELATIONS

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. Workers elected representatives for their departments. These representatives then elected the Executive Committee comprised of seven persons and consists of some factory management. The Executive Committee then elected the chairman, who is the Manager of the Finishing Department.
2. 100% of workers are union members and they signed applications to join the Union, however the union fee is deducted from workers' monthly salary without the written consent of workers.
3. The factory provides a meeting room for the union upon request, but there is no designated office with the necessary office equipment for the union to conduct daily meetings and for the union representatives to perform their functions.
4. The factory does not provide workers with a copy of the Collective Bargaining Agreement (CBA), and about 90% of the interviewed workers were completely uninformed about the contents of the CBA. The CBA was signed on September 20, 2013 for a term of three years. The negotiation and signing process are in compliance with legal requirements.
5. There is no written procedure on dialogue meetings. Three meetings were organized by factory management in 2015 with participation of management representatives, union representatives, and three worker representatives. However, the dialogue process does not follow the legally required process. According to Article 12 of Decree No. 60/ND-CP, 60 days after ending the last meeting, the employer and chairman of the Trade Union shall summarize the content of the meeting and send a request for a meeting to the other party. Within five working days after receiving the request for a meeting, the employer and chairman of the Trade Union shall confirm content, time location, and the participants of periodical meetings. Within three days after the two parties have confirmed content, time, location, and the participants of periodical meeting, the employer shall issue a decision in writing on holding periodical meetings. The decision on holding periodical meeting must be sent to the chairman of the Trade Union at least five working days prior to the day of the meeting. The factory does not communicate the results of the dialogue

- meetings to the workforce; most interviewed workers are not aware of these meetings.
6. 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

Decree No. 60/2013/ND-CP detailing Clause 3 Article 63 of the Labor Law; Decree No. 60/2013/ND-CP detailing Clause 3 Article 63 of The Labor Law; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16.2, ER.17, ER.25, and ER.26; Freedom of Association Benchmarks FOA.1, FOA.2, FOA.18, FOA.19, and FOA.24)

COMPANY ACTION PLANS

1. revise the election procedures to ensure that all Union positions are occupied by workers, not supervisors or managers

Action plan status:	Completed
Planned completion date:	12/01/16
Progress update:	12/23/16 : Written consent of employees must be given in order to take out any union fees. Written procedures for dialogue meetings should be maintained, and follow all local laws. Revise the election procedures to ensure that all union positions are occupied by workers, not supervisors or managers. In addition all needed supplies should be provided. All workers should be supplied with a copy of CBA with explanation.
Completion date:	12/15/16

FINDING NO.3

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory’s Labor Regulations procedures were established and registered to the provincial Labor Department in July 2013. The disciplinary forms are written in the factory’s Article 3 and disciplinary procedures are written in Article 22 of the Labor Regulations. However, there are no procedures for workers to appeal disciplinary actions against them.
2. The factory has disciplinary practices that do not comply with local law. In several cases, workers were given warning letters for behaviors that were not registered in the labor regulations, such as going to the bathroom for too long, using phones during work, going out during lunch time/break time without written permission. In two cases, workers were given warning letters when they were pregnant which violates local law.
3. The factory deducts fines from workers’ performance bonuses “A, B, C, or D grading bonus” with a maximum fine of 80,000 VND (approximately USD 3.60) per month for one to two months due to violation of the labor regulations. The maximum bonus a worker can receive is 80,000 VND. In one case, the factory deducted the performance bonus of a pregnant worker for an unauthorized absence, which violates local law states no disciplinary actions can be applied to pregnant workers.
4. The factory does not provide disciplinary decisions to workers which violates local law.
5. Article 8 of the factory’s Labor Regulations procedures requires that “workers are not allowed to leave the factory during working hours or overtime hours without written permission of the supervisors;” this practice restricts the freedom of movement of workers.

Local Law or Code Requirement

Decree No. 05/2015/ND-CP guiding the implementation of some articles of the Labor Code; The Vietnamese Labor Code on Discipline and Material Responsibility, Chapter VIII; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.27.2, and ER.27.3; Forced Labor Benchmark F.4; Harassment or Abuse Benchmarks H/A.1, H/A.2, and H/A.7; Nondiscrimination Benchmarks ND.7

and ND.8)

Recommendations for Immediate Action

1. Establish clear policies and procedures for Workplace Conduct & Discipline. Ensure that all disciplinary actions taken against workers are in compliance with local law.
2. Cease the practice of taking disciplinary actions against pregnant workers. Ensure that pregnant workers are provided with protection from discrimination.
3. Cease the practice of imposing monetary fines/deductions as a disciplinary measure.
4. Revise the policy on restricting workers' freedom of movement during working hours and overtime hours and allow for workers to leave the factory during lunch and break times.

COMPANY ACTION PLANS

1. All procedures must be regularly updated and reviewed in accordance with local laws. Severance pay for all completed contracts must be paid in full.

Action plan status: Completed

Planned completion date: 11/24/15

Progress update: 12/23/16 : All procedures must be regularly updated and reviewed in accordance with local laws. Severance pay for all completed contracts must be paid in full.

Completion date: 12/19/16

FINDING NO.4

GRIEVANCE SYSTEM

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The written Grievance procedures do not include a commitment to comply with relevant legal requirements.

Local Law or Code Requirement

Decree No. 04/2005/ND-CP guiding the implementation of labor grievance; FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.2, ER.16, and ER.25.2)

COMPANY ACTION PLANS

1. The factory must revise the written grievance policy so that it upholds all current legal requirements. This policy must be displayed. Ensure the present grievance policy includes all current legal requirements. In addition, all policies and procedures shall be complete and up to date.

Action plan status: Completed

Planned completion date: 01/29/16

Progress update: 12/23/16 : The factory must revise the written grievance policy so that it upholds all current legal requirements. This policy must be displayed. Ensure the present grievance policy includes all current legal requirements. In addition, all policies and procedures shall be complete and up to date.

Completion date: 01/29/16

FINDING NO.5

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory has a written procedure for Recruitment & Hiring, but this procedure does not cover managing performance review or raising or broadening skills in order to advance workers in their careers. The factory does not have written policies and procedures with regard to promotion, demotion, and job reassignment that are transparent and fair in their implementation.
2. The labor contract does not have details required in Decree No. 05/2015/ND-CP, e.g. start time and end time of every day, allowance and bonus, specifics on Personal Protective Equipment (PPE), and social insurance distribution.
3. In one case, a female worker was given a job with a lower salary rate after taking maternity leave. Before maternity leave: sewing line leader (basic salary: 4,118,000 VND (USD 183) and function allowance: 800,000 VND (USD 36)). After: the worker was assigned to the sample department (basic salary 3,690,000 (USD164) and function allowance: 300,000 (USD13)). This practice does not comply with local laws on maternity leave, workers that return from maternity leave may be reassigned, but must receive at least the same salary as prior to maternity leave. (Article 158 of the Labor Code).
4. The factory does not communicate the Recruitment, Hiring, & Personnel Development Policies and Procedures and their updates to the general workforce.

Local Law or Code Requirement

Labor Code, Article 158; Decree No.05/2015/ND-CP, Article 4; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.3, ER.29, and ER.30; Nondiscrimination Benchmarks ND.1 and ND.2)

Recommendations for Immediate Action

1. Establish a system to identify employees who are pregnant or nursing and provide them the legally required protection. Immediately cease the systematic disciplinary measures taken against pregnant or nursing women based on their pregnancy or maternity leave. Revise the policy on the discriminatory practice against pregnant women at the workplace and communicate the changes to the general workforce.
2. Reinstate the female worker to her former salary prior to taking maternity leave or assign her a job at an equal salary rate. Back pay the female worker's difference in wages from when she returned from maternity leave at the lower salary rate to meet the former salary rate.

COMPANY ACTION PLANS

1. The factory will ensure that their policy concerning female workers provides all legal protections afforded to them. These policies will be communicated with the general workforce. The female line leader shall be given her old job, or a new one with the same compensation. In addition, back pay must be given to her for the time she was at a lower rate of pay. Contracts must have detailed working time, rest time, allowances etc. In accordance with Labor Laws. The written procedure for Recruitment of performance reviews and advancement training. The policy must clearly delineate all paths to promotion, demotion, and job reassignment.

Action plan status: Completed

Planned completion date: 11/24/15

Progress update: 12/23/16 : The factory will ensure that their policy concerning female workers provides all legal protections afforded to them. These policies will be communicated with the general workforce. The female line leader shall be given her old job, or a new one with the same compensation. In addition, back pay must be given to her for the time she was at a lower rate of pay. Contracts must have detailed working time, rest time, Allowances etc., in accordance with Labor Laws. The written procedure for Recruitment and Hiring shall cover management of performance reviews and advancement training. The policy must clearly delineate all paths to promotion, demotion, and job reassignment. .

Completion date: 11/24/15

FINDING NO.6

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory has a written policy on Wages & Benefits, but lacks clear criteria for the monthly grade bonus. Some workers did not get the bonus or were deducted the bonus when they took days off due to sick leave.
2. Medical insurance claims are not settled by the factory within three days after approval of the claim, as required by Social Insurance Law.
3. The factory management does not have a grievance system in place through which workers can submit grievances or questions on wage payments and benefits.
4. The factory does not communicate its wage and benefit structures and payment policies, procedures, and possible updates to the general workforce.

Local Law or Code Requirement

Law on Social Insurance, Article 117-1; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.16, and ER.17; Compensation Benchmarks C.1, C.11, C.17, and C.19)

Recommendations for Immediate Action

1. Ensure that all medical insurance claims are settled within the legally required three days after the approval.

COMPANY ACTION PLANS

1. The factory will have all medical claims settled within three days after approval, as required. The factory will review its policy on Wage & Benefits and confirm that all criteria is clear, communicated, and followed. A grievance system shall be instituted so employees may report any wage and or benefit issues and questions.

Action plan status:	Completed
Planned completion date:	01/29/16
Progress update:	12/23/16 : The factory has instituted a system so all medical claims are settled within three days after approval. Policy on Wages & Benefits have been reviewed to confirm that all criteria is clear, communicated, and followed. A grievance system has been instituted so employees may report any wages and or benefit issues and questions.
Completion date:	01/29/16

FINDING NO.7

ENVIRONMENTAL PROTECTION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not have a proper Environment Management System. No Environment risk assessment or analysis of impacts. There are plans and targets to track and conserve water, electricity and GHG from 2013-2014, but no regular review, analysis or improvement plans.
2. The factory lacks procedures covering the following topics: reporting environmental emergencies, how workers can raise environmental concerns, and protection against retaliation for workers who allege environmental violations.
3. The glue spray was not stored in the chemical warehouse with the other chemicals, nor were empty cans handled properly as hazardous waste.

- The hazardous waste permit requires regular reporting on hazardous wastes every six months; the factory has not complied with this requirement.

Local Law or Code Requirement

Decree No.38/2015/ND-CP, Article 7.5; FLA Workplace Code (Health & Safety Benchmarks HSE.1, HSE.4, and HSE.9)

Recommendations for Immediate Action

- Ensure that all chemicals, including the glue spray is properly stored in the chemical warehouse. Ensure that all empty cans are properly handled as hazardous waste.
- Regularly report on hazardous waste to the local environmental bureau every six months as legally required.

COMPANY ACTION PLANS

- After receiving the valued advices from customer, we already rearranged all cans, bottles or container contained chemical in a corrected places, posted the warning cautions and provided PPE for person working with chemical or working in areas where contained chemical.

We also contact with the third party which consultant service about environmental analysis and assessment. As per the third party's information, this environmental assessment and analysis must be done at least around 06 months.

As per customer's advices, we will improve the employee's environmental concerns by revise the procedures that details in protecting environment and strictly dealing with environmental violated cases.

Action plan status: Completed

Planned completion date: 02/01/16

Progress update: 12/23/16 : The factory have rearranged all cans, bottles or containers contained chemicals in proper places. Warning signs and PPE have been provided for working areas where contains chemical. Factory also contracted a third part consultant service to do an environmental assessment every 6 months. A proper EMS with regular review and analysis has also been put into effect. Procedures have also been revised, workers can raise environmental concerns without fear of retaliation, all environmental violated cases will be dealt with strictly.

Completion date: 02/01/16

FINDING NO.8

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

- The factory's Health & Safety procedures do not cover the following topics: measures to protect the reproductive health of employees through minimizing exposure to workplace hazards, how workers can raise Health & Safety concerns, and protection against retaliation for workers who raise health and safety concerns.
- The safety committee does not include a trade union representative or worker participation as required by local law and FLA benchmarks.
- Management representatives have not signed the accident investigation reports as the law requires. There is no further analysis of accidents or tracking of hours/days lost due to accidents.
- Machine guarding for sewing and overlock machines is inadequate. About 40% of sewing workers do not use needle guards and eye shields.
- About 10 machines and operations use compressed air and have elevated noise levels. The factory has not tested these noise levels and provided the appropriate PPE based on these tests.
- More than 50% of machines and work stations lack safety Standard Operating Procedures (SOPs). Some SOPs are not updated or do not include personal protective equipment (PPE). The factory does not post PPE requirements clearly and consistently for each

- area or operation. The SOPs do not include PPE for eyes, ears, and fingers.
7. The laser cutting machine is operated with the lid open and no safety interlock. The related safety SOP fails to mention the need to close the lid. Closing the lid protects workers from getting the laser reflected into their eyes and toxic smoke and fumes from escaping. Additionally, the operator does not wear a face marks or goggles when operating the machine.
 8. There is no safety procedure for work at heights, lifting, loading of racks, confined spaces, ergonomics, or asbestos. The factory is not taking steps to reduce repetitive-motion stress or injuries. Additionally, the factory does not provide lifting belts for workers that lift materials and ergonomic breaks are not provided.
 9. The factory has not posted loading limits for the racks in the material warehouse training or provided training on safe lifting techniques.
 10. The factory does not have a procedure to inform long term contractors on Code of Conduct and Safety requirements (contractors are only informed of C-TPAT).
 11. At least three bathrooms lacked soap.
 12. The factory did not post the relevant Material Safety Data Sheets (MSDS) or PPE requirements at the glue spray booth. The factory provides dust masks for workers at this booth; however, the appropriate PPE is chemical masks.
 13. The chemical safety training materials are dated back in 2009, and there is no record or documentation of recent trainings for workers handling and using chemicals, including for those who work with glue spray in the embroidery department. The factory does not provide training for all employees who work with chemicals.
 14. Internal risk assessments have been conducted for Health & Safety, but these assessments do not have scoring or ratings. There were no risk assessments for Environment or Fire. The factory has not hired an independent third party to conduct a fire assessment.
 15. The fire protection pump was operating normally, but was low on fuel (~10%). It is checked weekly, but was not refilled when it ran low.
 16. The factory does not communicate its Health & Safety procedures to the general workforce.

Local Law or Code Requirement

Vietnam Laws on Health and Safety; FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.31; Health, Safety, & Environment HSE.5, HSE.9, HSE.12, HSE.14, HSE.17, and HSE.19; Nondiscrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Ensure that all sewing machines and overlock machines have the proper guards and are installed and used correctly. Ensure the button snapping machines operate so that workers are not danger of injury when operating.
2. Test noise for all machines using compressed air to determine which require hearing protection.
3. Ensure that all machines have updated and accurate SOPs and that all workers have the appropriate and required PPE for the area they are working or machine they are operating.
4. Ensure that all bathrooms have soap.
5. Ensure the accurate MSDS is posted at the spray glue booth and provide the appropriate chemical mask.
6. Update training materials on chemical safety and train workers that work with chemicals.
7. Ensure the fire protection pump is refilled when checked on a weekly basis with an adequate level of fuel.

COMPANY ACTION PLANS

1. The Health & Safety procedures will include topic such as minimizing exposure to hazards that can affect reproductive health, and how workers may raise concerns without fear of retaliation. The safety committee will include union members. Management will sign all accident investigation reports and track the outcomes and repercussions. All machine guarding must be in place and properly used. The factory will test the noise levels throughout the factory and provide the appropriate PPE. SOPs will be posted at all workstations and will be up to date; this includes proper notifications of PPE necessity for each area. The laser cutting machine will have its SOP mention the need to have the lid closed, safety lock used, as well as the need for goggles and mask to be worn by the operator. Additionally, all chemical training materials shall be brought up to date and training sessions recorded. MSDS will be posted at the glue spray booth and chemical masks provided. Also, the fire protection pump will be checked on a weekly basis for an adequate level of fuel and restocked as needed. All bathrooms shall remain fully stocked

Action plan status: Completed

Planned completion date: 12/22/15

Progress update: 12/23/16 : 1. The Health & Safety procedures have been revised to include topics such as minimizing exposure to hazards that can affect reproductive health, and how workers may raise concerns without fear of retaliation. 2. The safety committee have also included union members. 3. Management have instituted a system where management will sign all accident investigation reports and track the outcomes and repercussions. 4. Factory have purchased more PPE, all workers now have needle

guards and eye shields. 5. The factory revised policy on noise, the noise levels will be tested throughout the factory and appropriate PPE will be provided. 6. SOPs have been posted at all workstations and are up to date; this includes proper notifications of PPE necessity for each area. 7. The laser cutting machine will have its own SOP mentioning the need to have the lid closed, safety lock used, as well as the need for goggles and mask to be worn by the operator. Additionally, all chemical training materials have been brought up to date and training sessions recorded. MSDS will be posted at the glue spray booth and chemical masks provided. 8. safety procedures now include work at heights, lifting, loading racks, confined spaces, ergonomics, or asbestos. The factory has taken steps to reduce repetitive-motion stress or injuries. Additionally, the factory also started providing lifting belts for workers that lift materials and ergonomic breaks. 9. The factory posted loading limits for the racks in the material warehouse, also provided training on safe lifting techniques. 10. The factory created a procedure to inform long term contractors on Code of Conduct and Safety requirements. 11. All bathroom have remain fully stocked 12. The factory has posted the relevant Material Safety Data Sheets (MSDS) and PPE requirements at the glue spray booth. 13. The chemical safety training materials are now up to date, and there is record and documentation of recent trainings for workers handling and using chemicals, including for those who work with glue spray in the embroidery department. The factory now provide training for all employees who work with chemicals. 14. Internal risk assessments have been conducted for Health & Safety, scoring or ratings have been added. Risk assessments for Environment and Fire have also been added, thrid part contractor will be doing an assessment every six months. 15. The fire protection pump is now operating normally with fuel. It is checked weekly, and refilled when it ran low. 16. The factory is now communicating its Health & Safety procedures to the general workforce. Vietnam Laws on Health and Safety; FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.31; Health, Safety, & Environment HSE.5, HSE.9, HSE.12, HSE.14, HSE.17, and HSE.19; Nondiscrimination Benchmark ND.8)

Completion date: 08/19/16

FINDING NO.9

POLICIES & PROCEDURES (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have written policies for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System.
2. The factory does not have complete procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Industrial Relations & Freedom of Association, and Environmental Protection.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.26, ER.27, ER.29, and ER.32)

COMPANY ACTION PLANS

1. The factory will maintain up to date written policies in the following areas: Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System, Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Industrial Relations & Freedom of Association, and Environmental Protection. These procedures will under go periodic review and will be presented to employees.

Action plan status: Completed

Planned completion date: 01/29/16

Progress update: 12/23/16 : The factory will maintain up to date written policies in the following areas: Employment Functions: Recruitment, Hiring, & Personnel Development, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System, Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Industrial Relations & Freedom of

Association, and Environmental Protection. These procedures will under go periodic review and will be presented to employees.

Completion date: 01/29/16

FINDING NO.10

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory's orientation training does not cover Human Resources policies.
2. The factory does not provide workers with written documentation that substantiates all the issues covered in orientation.
3. The factory does not provide specific training for relevant supervisors on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
4. The factory does not provide ongoing training for employees on the following Employment Functions: Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, and Workplace Conduct & Discipline.
5. The factory does not provide training on Workplace Conduct for relevant HR staff.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.26, and ER.27)

COMPANY ACTION PLANS

1. The factory will provide training to relevant staff concerning HR matters and devise and implement training for supervisors concerning Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. Detailed overview will be provided to employees. Orientation training will cover HR matters.

Action plan status: Completed

Planned completion date: 11/24/15

Progress update: 12/23/16 : The factory have provided training to relevant staff concerning HR matters and devise and implement training for supervisors concerning Recruitment, Hiring, & Personnel Development, Wages & Benefits, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. Detailed overview have been provided to employees. Orientation training also covered HR matters

Completion date: 08/19/16

FINDING NO.11

REVIEW PROCESS (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not conduct a periodic review and update of policies and procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.30)

COMPANY ACTION PLANS

1. "1.The factory does not conduct a periodic review and update of policies and procedures for the following Employment Functions: Recruitment, Hiring, & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.30)

"

Action plan status:	Completed
Planned completion date:	11/24/15
Progress update:	12/23/16 : The factory shall conduct periodic reviews of policies and procedures that are concerned with employment functions Recruitment, Hiring, & Personnel Development, Hours of Work, Termination & Retrenchment, Industrial Relations & Freedom of Association, Workplace Conduct & Discipline, Grievance System, and Environmental Protection.
Completion date:	11/24/15

FINDING NO.12

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not have a system to control Hours of Work in accordance with legal requirements.
2. Monthly overtime exceeded the legal limit of 30 hours per month and several cases (18 out of a sample of 60 records) exceeded the legal yearly overtime limit of 300 hours/year in 2014 (max 326 hours/year). There were employees who worked more than 30 hours of overtime per month in November 2014, March, April, May, June, July, September, and October 2015. Maximum monthly overtime reached 54 hours in March 2015.

Local Law or Code Requirement

Labor Code, Article 106; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.17; Hours of Work Benchmark HOW.1)

Recommendations for Immediate Action

1. Ensure workers do not work more than the legal limit of 30 hours of overtime per month.
2. Ensure workers do not work more than the legal limit of 300 hours of overtime per year.
3. Establish a production strategy that does not include overtime as a general practice. FLA affiliate Company's Sourcing and Social Compliance teams should a) implement FLA Principles of Fair Labor and Responsible Sourcing and b) accordingly coordinate on the topics mentioned below to help the factory address its excessive hours issue:
 - a. How to provide better order forecasts to the factories;
 - b. Possible workshops/consultancy for the factory on how to improve productivity/quality;
 - c. Clear guidelines on how to extend shipment deadlines in case of contingencies;
 - d. Steps that factory management must follow if overtime is inevitable (steps for how to communicate with the brand's Sourcing and Social Compliance teams);
 - e. Clear guidelines on the calculation and setting of reasonable production targets that will not demand work beyond regular working hours or during breaks;
 - f. Clear guidelines on how and when the factory can use subcontractors and/or temporary workers to avoid excessive overtime.

COMPANY ACTION PLANS

1. "1.The factory does not have a system to control Hours of Work in accordance with legal requirements.
- 2.Monthly overtime exceeded the legal limit of 30 hours per month and several cases (18 out of a sample of 60 records) exceeded the legal yearly overtime limit of 300 hours/year in 2014 (max 326 hours/year). There were employees who worked more than 30 hours of overtime per month in November 2014, March, April, May, June, July, September, and October 2015. Maximum monthly overtime reached 54 hours in March 2015. Labor Code, Article 106; FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.17; Hours of Work Benchmark HOW.1)"

Action plan status:	Completed
Planned completion date:	11/24/15
Progress update:	12/23/16 : The company's overtime policy will include strict wording concerning the allowance of overtime. Supervisors are in charge of monitoring the amount for each employee and will be held accountable. Responsible sourcing procedures are being devised and implemented
Completion date:	11/24/15