



COMPANIES: PVH Corp  
COUNTRY: Taiwan  
ASSESSMENT DATE: 07/06/16  
ASSESSOR: Social Compliance Services Asia  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 138

## 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: Policies & Procedures (Macro)

##### Finding Explanation

- 1.The factory does not have written policies or procedures on the following Employment Functions: Personnel Development, Industrial Relations, and Environmental Protection.
- 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 complies with legal requirements.
- 3.The factory does not have procedures on raising or broadening workers' skills in order to advance their careers.
- 4.The factory does not have procedures on managing promotion, demotion, and job reassignment.
- 5.The factory does not have formal policies on Hours of Work for special categories of employees.
- 6.The factory does not have procedures for managing entry into confined spaces.
- 7.The factory does not have guidance documents for external contractors and service providers concerning the Health & Safety policies.

##### Local Law or Code Requirement

Regulations for Establishing Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace of ROC, Article 2; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.31.1, and ER.31.2; Health, Safety & Environment Benchmark HSE.1)

#### COMPANY ACTION PLANS

1. Immediate Action: The factory has created draft policies on Personnel Development, Industrial Relations, and Environmental Protection. The policy on Industrial Relations will be revised to specify the representatives' terms will be determined by local union law.

Sustainable Action: The factory will review its procedures and policies periodically to ensure they are effectively implemented. Furthermore, training will be provided on all policies and procedures to ensure all workers are informed of revisions.

Action plan status: Scheduled

Planned completion date: 09/08/18

2. Immediate Action: The factory has drafted a policy on performance reviews which include the steps and processes, demonstrate linkages to job grading, prohibit discrimination, contains a requirement to provide written feedback and complies with legal requirements.

Sustainable Action: The factory will review its procedures and policies periodically to ensure they are effectively implemented. Furthermore, the factory will provide training to all workers, supervisors and managers on the revised policies and procedures.

Action plan status: Scheduled

Planned completion date: 09/08/18

3. Immediate Action: The factory has implemented a worker skill enhancement procedure and conducted a technical training for permanent workers.

Sustainable Action: The factory will review its procedures and policies periodically to ensure they are effectively implemented.

Action plan status: Scheduled

Planned completion date: 09/08/18

4. Immediate Action: The factory has created an employee performance management, job reassignment and employee development program. Additionally, the factory will schedule performance reviews with workers annually.

Sustainable Action: The factory will review its procedures and policies periodically to ensure they are effectively implemented.

Action plan status: Scheduled

Planned completion date: 09/08/18

5. Immediate Action: The factory has established and implemented an hours of work policy for special categories of employees. Furthermore, the factory will train workers, supervisors and managers on these policies.

Sustainable Action: The factory will review its procedures and policies periodically to ensure they are effectively implemented.

Action plan status: Scheduled

Planned completion date: 09/08/18

6. Immediate Action: The factory has created and implemented procedures for managing entry into confined.

Sustainable Action: The factory will review its procedures and policies periodically to ensure they are effectively implemented.

Action plan status: Scheduled

Planned completion date: 09/08/18

7. Immediate Action: The factory has setup a guidance documents for external contractors and service providers concerning Health and Safety policies.

Sustainable Action: The factory will review its procedures and policies periodically to ensure they are effectively implemented.

Action plan status: Scheduled

Planned completion date: 09/08/18

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

1.The factory has not provided specific training for relevant supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Grievance System, and Environmental Protection.

- 2.The factory has not provided specific training for production staff on Hours of Work.
- 3.The factory has not provided specific training for the relevant Human Resources (HR) personnel, administrative staff, managers, and supervisors on Workplace Conduct & Discipline.
- 4.The factory has not provided specific training for supervisors on principle of non-retaliation against workers who make complaints.
- 5.Although the factory provides general training, the factory does not provide specific training for the general workforce on the Grievance System.
- 6.The factory does not provide regular training for employees on Environmental Protection.

Local Law or Code Requirement

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

**COMPANY ACTION PLANS**

1. Immediate Action: The factory has conducted relevant training for all relevant workers and supervisors on the following employment functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Grievance Systems and Environmental Protection once the factory's revised policies are completed.

Sustainable Action: The factory will provide training on all issues during orientation. Additionally, the factory will provide refreshment training on relevant issues on a yearly basis. The factory will also create an annual training plan.

Action plan status: In progress

Planned completion date: 09/08/18

2. Immediate Action: The factory has conducted specific training for production staff on Hours of Work.

Sustainable Action: The factory will provide training on all issues during orientation. Additionally, the factory will provide refreshment training on relevant issues on a yearly basis. The factory will also create an annual training plan.

Action plan status: Scheduled

Planned completion date: 09/08/18

3. Immediate Action: The factory has conducted specific training for relevant HR personnel, administrative staff managers and supervisors on Workplace Conduct & Discipline.

Sustainable Action: The factory will provide training on all issues during orientation. Additionally, the factory will provide refreshment training on relevant issues on a yearly basis. The factory will also create an annual training plan.

Action plan status: Scheduled

Planned completion date: 09/08/18

4. Immediate Action: The factory has conducted specific training for relevant workers on retaliation against workers who raise complaints.

Sustainable Action: The factory will provide training on all issues during orientation. Additionally, the factory will provide refreshment training on relevant issues on a yearly basis. The factory will also create an annual training plan.

Action plan status: Scheduled

Planned completion date: 09/08/18

5. Immediate Action: The factory has conducted specific training for relevant workers on the grievance system.

Sustainable Action: The factory will provide training on all issues during orientation. Additionally, the factory will provide refreshment training on relevant issues on a yearly basis. The factory will also create an annual training plan.

Action plan status: Scheduled

Planned completion date: 09/08/18

6. Immediate Action: The factory has conducted specific training for relevant workers on Environmental Protection.

Sustainable Action: The factory will provide training on all issues during orientation. Additionally, the factory will provide refreshment training on relevant issues on a yearly basis. The factory will also create an annual training plan.

Action plan status: Scheduled

Planned completion date: 09/08/18

**FINDING NO.3**

**SUSTAINABLE IMPROVEMENT REQUIRED**

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

### Finding Explanation

- 1.The factory does not properly communicate their policies, procedures, and their updates on the following Employment Functions to the general workforce: Recruitment, Compensation, Hours of Work, Hiring & Personnel Development, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, Environmental Protection, and Health & Safety.
- 2.The worker integration component is missing from all Employment Functions. This indicates that the factory has not established procedures to receive worker input and feedback on the creation, implementation, and revision of its policies and procedures. Workers are neither systematically integrated nor consulted in the decision-making processes.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.29, ER.30, and ER.32; Compensation Benchmarks C.17)

## COMPANY ACTION PLANS

1. Immediate Action: The factory has conducted training for all relevant workers on factory policies once they were revised and completed.

Sustainable Action: The factory will provide training on all issues during orientation and refreshment training on relevant issues will be provided on a yearly basis. Additionally, the factory will conduct quarterly labor-management conferences.

Action plan status: Completed

Planned completion date: 09/08/18

Progress update: Immediate Action: The factory has conducted training for all relevant workers on factory policies once they were revised and completed.

Sustainable Action: The factory will provide training on all issues during orientation and refreshment training on relevant issues will be provided on a yearly basis. Additionally, the factory will conduct quarterly labor-management conferences.

Completion date: 01/10/17

2. Immediate Action: The factory currently conducts a quarterly labor-management conference. Both factory management and worker representatives join this conference. Policies and procedures are fully discussed by both parties. Additionally, factory management has emphasized the importance of discussions by both parties on policy and communication at the labor-management conference lately.

Sustainable Action: The factory will provide training on all issues during orientation and refreshment training on relevant issues will be provided on a yearly basis. Additionally, the factory will conduct quarterly labor-management conferences.

Action plan status: Completed

Planned completion date: 09/08/18

Progress update: Immediate Action: The factory currently conducts a quarterly labor-management conference. Both factory management and worker representatives join this conference. Policies and procedures are fully discussed by both parties. Additionally, factory management has emphasized the importance of discussions by both parties on policy and communication at the labor-management conference lately.

Sustainable Action: The factory will provide training on all issues during orientation and refreshment training on relevant issues will be provided on a yearly basis. Additionally, the factory will conduct quarterly labor-management conferences.

Completion date: 01/10/17

## FINDING NO.4

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

### Finding Explanation

Chemical containers (e.g. machinery oil) are not properly labeled or equipped with secondary containers.

### Local Law or Code Requirement

Article 1 of Act for Protecting Worker of Occupational Accidents; Article 5 of Regulations for the Labeling and Hazard Communication of

### Recommendations for Immediate Action

Ensure that chemical containers are properly labeled in the local language and equipped with secondary containers. Designate and train personnel to carry out regular inspections.

## COMPANY ACTION PLANS

1. Immediate Action: The factory has properly labeled the chemical containers and equipped them with secondary containment.

Sustainable Action: The factory has conducted a chemical safety training with all supervisors to ensure the anti-leakage facility is used for the chemical material.

Action plan status: In progress

Planned completion date: 09/08/18

## FINDING NO.5

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

#### Finding Explanation

1. At least two electrical boxes in the packing workshop are blocked by materials.
2. At the time of the assessment, there was a light near the basketball court that was not hung securely and could have fallen and injured workers. There was no warning sign to caution passersby. The factory has removed the light, but there is no system in place to prevent issues like this from reoccurring.
3. The factory does not fix electrical problems in a timely manner.

#### Local Law or Code Requirement

Occupational Safety and Health Act, Chapter 2, Article 6.3 of ROC; Occupational Safety and Health Act, Chapter 2, Articles 6.13 and Article 8; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.13)

#### Recommendations for Immediate Action

1. Clear all obstructions from around the electrical boxes and implement practices and controls to ensure that the area is kept clear.
2. Remove all objects that pose a fall-risk and carry out regular inspections to ensure workers' safety.

## COMPANY ACTION PLANS

1. Immediate Action: The factory has ensured that all electrical boxes are accessible.

Sustainable action: The factory will implement a system for monthly inspections of all electrical apparatus and devices to ensure they are all safe.

Action plan status: In progress

Planned completion date: 09/08/18

2. Immediate Action: The factory has removed all unsteady lighting. The factory will conduct electrical safety awareness training for all relevant employees.

Sustainable Action: The factory will implement a system for monthly inspections of all electrical apparatus and devices to ensure they are all safe.

Action plan status: In progress

Planned completion date: 09/08/18

3. Immediate Action: The factory has instructed the electrician to check and maintain the electrical system on a monthly basis.

Sustainable Action: The factory will implement a system for monthly inspections of all electrical apparatus and devices to ensure they are all safe.

Action plan status: In progress

Planned completion date: 09/08/18

### IMMEDIATE ACTION REQUIRED

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

##### Finding Explanation

During interviews with migrant workers from Vietnam, assessors found that they pay a labor agent in Vietnam a one-time fee of around USD 4,000 - 5,500 in order to work in Taiwan. The factory reported that they were not aware of these fees; there is no system to track the fees migrant workers pay to labor agents in their home countries. Workers were only aware of the NTD 76,000 (USD 2,300) fee stated in their migration agreement (which includes the recruitment fee, visa, permit, etc).

##### Local Law or Code Requirement

FLA Workplace Code (Forced Labor Benchmark F.3; Employment Relationship Benchmarks ER.5 and ER.6)

##### Recommendations for Immediate Action

Implement a monitoring system to oversee labor agents and prevent them from charging migrant workers excessive fees to work in Taiwan. Communicate this policy to agents in both Taiwan and in migrant workers' home countries.

### COMPANY ACTION PLANS

1. Immediate Action: PVH has accepted EICC's definition of recruitment fees and will work with the factory to ensure that any applicable fees will be returned to the workers. Furthermore, PVH is currently reviewing and revising its ratings tool to ensure that issues related to recruitment fees are properly escalated and addressed. Additionally, PVH is addressing migrant labor issues through a regional lens specifically via initiatives surrounding dormitories in India and Syrian refugees in Turkey.

Action plan status: In progress

Planned completion date: 09/08/18