



INDEPENDENT EXTERNAL ASSESSMENT REPORT

Verification

COMPANY: adidas Group, Under Armour, Inc.
COUNTRY: Vietnam
PRODUCT: Apparel
PROCESSES: Full [= full package]
NUMBER OF WORKERS: 6522
NUMBER OF WORKERS INTERVIEWED: 105
ORIGINAL ASSESSMENT DATE: 10/13/15
ORIGINAL ASSESSMENT MONITOR: Global Standards (Vietnam)
VERIFICATION ASSESSMENT DATE: 07/17/17
VERIFICATION ASSESSMENT MONITOR: FLA Assessor Team (S.E. Asia)
ORIGINAL ASSESSMENT NUMBER: AA0000001904

FLA Comment:

This SCI is a verification assessment of assessment AA0000001904. All corrective action plan updates for AA0000001904 will be published on this report.

Understanding this Assessment Report

This report is to verify the remediation status of findings from a previous workplace assessment based on the Fair Labor Association's Sustainable Compliance methodology (SCI). This report also includes new findings utilizing the SCI methodology. The SCI assessments evaluate a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle. SCI assessments are conducted by FLA accredited assessors.

This report identifies the status of remediation of violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions. It also includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each finding 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 of each finding.

Glossary

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.

Verification status: The status of the remediation plan for each finding as determined by the assessor. The findings are labeled either Not Remediated, Partially Remediated, or Remediated.

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

Findings and Action Plans

FINDING NO.1

POLICIES & PROCEDURES (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not have written policies for the following employment functions: Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, and Industrial Relations. [ER.25, ER.27, ER.32]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.25, ER.27, and ER.32.1)

Action Plan Status:	Completed
Planned Completion:	09/09/15
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none"> 1. Management to assign someone for the development of policies and procedures related to Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System and Industrial Relations consistent with FLA benchmarks and local regulations. 2. Management to establish a regular policy and procedures review, update and approval process according to changes/updates in local regulations; including adidas group/Under Armour/FLA Codes and compliance benchmark most current requirements. Initially, start the review process for the following Employment Functions: Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, and Industrial Relations. 3. Management to designate a management and HR management members to be responsible for the regular review process. Designated staff member (the process owner) is to document the process, track changes, collect feedback, and create workflows in collaboration with all persons involved. 4. Maintain documentation on any review/update of the factory's policies and procedures. 5. Management to develop a comprehensive training program of the factory's policies and procedures for workers, supervisors and other managerial positions, including HR staff. Training records should be kept with at least training topic, date/time, trainer's name, trainee attendance records, training material. <p><u>Progress Updates</u> 05/08/17:</p> <p>1. Factory management developed the following policy/procedures: Termination & Retrenchment (Factory separated termination procedure & retrenchment policy), Workplace Conduct & Discipline (Factory separated workplace conduct policy & Disciplinary Procedure), Grievance System (it is part of worker hotline and grievance procedure) and Industrial Relations (Industrial Relations is part of the Factory's Dialogue at Workplace Procedure). The policies were established by the Factory's Document Controller & approved by the Factory Manager.</p> <p>2 & 4. It was verified that the Regulation and Procedure of Labor Document Control (Doc No.: CP-HRCM-001, ver:00) was established & took effect on 27th June 2016. The Procedure includes all factory personnel responsible for preparing, reviewing & approving all factory documents, including: - Human Resources Manager: responsible for compiling/updating all labor related documents - Human Resources & Compliance</p>

	<p>Manager: Responsible for reviewing and updating documents - Viet Nam Country Manager: Responsible for advising and approving documents All labor related documents are reviewed every 6 months (June & Dec), or as needed based on legal changes. This practice was implemented as of June 2016.</p> <p>3. Additionally, Factory Management has designated Document Controller to be responsible for tracking changes, collecting feedback, and creating workflows in collaboration with all persons involved. 5. Factory has developed training plan for 2016 & 2017 (Prepared: Nov'2016, Modified: Mar'2017) which includes refresher courses of Workplace standards, Customers' COC, company policies, legal updates, HSE, waste management for all workers, supervisors and other managerial positions. Training records include training topics, date/time, trainer's name, trainee attendance records and training materials were available and kept for up to 3 years as defined by Control of Documents Procedure (CP-EHS-PR-005) Based on random checks, the Factory conducted employment function & workplace training courses for 18 HR staffs on 20th Aug 2016 from 13:00- 14:30 by Compliance Supervisor. It also conducted training for 19 supervisors on 20th Aug 2016 from 9:00- 12:00, the training records were available during visit.</p>
Completion Date:	05/07/17

Verification Result:

1. Finding Status: Partially Remediated

Explanation:

While the factory has created policies for Termination & Retrenchment, they have not created comprehensive procedures to implement these policies. The factory has Termination procedures, but they do not properly define the steps for different cases of termination. The factory has not created any procedures to implement the Retrenchment policy. The factory has not established policies or procedures on Industrial Relations. The factory representative said that as there was a procedure on freedom of association, it was not necessary to have an Industrial Relations policy or procedure. The factory has established policies for Workplace Conduct & Discipline and Grievance System

Root Causes:

The factory does not fully understand the FLA benchmarks related to policies and procedures.

Local Law or Code Requirement

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

Action Plan Status:	In Progress
Planned Completion:	9/30/2018
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none"> The factory will review the Termination procedure and define the proper steps for all termination cases (4 cases); The factory will develop the proper procedure to implement the Retrenchment policy; Factory management will create and adopt an industrial relations management to serve as an umbrella to cover all policies/procedures related to the worker-management relationship such as grievance systems, communication channels, freedom of association, etc. After all these procedure updates completed, the factory will communicate to all employees. There is a Document Controller assigned to regular review and propose the top management if any update needed. For H&S policies/procedures, the update is once a year; for other labor policies, the update is twice a year. <p><u>Progress Updates</u></p> <p>Verification on 7/27/2018:</p> <ol style="list-style-type: none"> COMPLETED. The factory already reviewed and update the termination procedure with clear steps to handle all cases of termination. The procedure was updated on December 23, 2017; PENDING;

	3. IN-PROGRESS: The factory is under reviewing the industrial dispute handling procedure. 4. PENDING: The communication/training will be implemented after the procedure revised.
Completion Date:	

FINDING NO.2

COMMUNICATION & WORKER INVOLVEMENT (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating 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.1.3 and ER.25.2)

Action Plan Status:	Completed
Planned Completion:	10/08/16
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none"> 1. Management to establish a formal written process that would result in workers being consulted during the creation, review and update of policies and procedures at the factory. Furthermore, management to ensure workers, supervisors, and managers are aware of the workers' integration process. 2. Factory should be able to provide evidence of the Policies, procedures review and workers feedbacks. <p><u>Progress Updates</u> 05/08/17:</p> <ol style="list-style-type: none"> 1. It was verified that the Dialogue at the Workplace Cooperate Policy (Doc No.: CP- HRCM-028, ver:00) was established & took effect on 27th Jul 2016. This policy hopes to improve & develop the industrial relations at the Factory. Representatives from the following areas received training: Factory Manager, Human Resource s& Compliance Managers, Trade Union Chairman, the factory's assistant manager, supervisors, line leaders and workers. Training on this policy was included as part of an overall review of the labor and HSE policies & procedures provided on 4th Jul 2016 from 14:30 - 15:30 PM & on 15th Dec 2016 from 15:00 - 16:00 PM. 2. Factory has applied & encouraged workers to review and provide feedback on factory policies and procedures as defined by Dialogue at the Workplace Cooperate Policy. Additionally, PC verified a few suggestion forms that were recently completed by workers in finished good, HR and A1 Departments. The feedback form allows workers to provide any concerns/questions related to workers' labor rights, company regulations & policies, production, health and safety, unusual cases, etc.
Completion Date:	05/07/17

Verification Result:

1. Finding Status: **Not Remediated**

Explanation:

The factory established the Dialogue procedure on July 27, 2016 in the workplace to improve and develop industrial relations in the factory. However, workers are not integrated in the creation and updates of factory policy. The union representative attend the meetings although no workers attend such meetings. None of the interviewed workers knew about the procedures to submit feedback to the factory's policies and procedures. [ER.1.3 and ER.25.2]

Root Causes:

The factory does not fully understand the FLA benchmarks related to workers integration in creation, implementation and review the factory's policies and procedures.

Local Law or Code Requirement

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

Action Plan Status:	In Progress
Planned Completion:	9/30/2018
Progress Update:	<p><u>Original Action Plan</u></p> <p>1. The factory will develop a comprehensive procedure to get the workers' involvement in the creation and updates of the factory's policies and procedure.</p> <p>2. After the procedure developed, the factory will communicate to all employees for their acknowledgement.</p> <p>Currently, the factory has implemented to collect all workers' feedback for to CBA (collective bargaining agreement) update.</p> <p><u>Progress Updates</u></p> <p>Verified on 7/27/2018:</p> <p>1. IN-PROGRESS: The factory is under discussion on how to develop the procedure effectively;</p> <p>2. PENDING: The communication/training will be implemented after the procedure revised.</p>
Completion Date:	

FINDING NO.3**TRAINING (MACRO)**

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. 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, and Workplace Conduct & Discipline. [ER.17]
2. 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, Workplace Conduct & Discipline, and Health & Safety. [ER.1]
3. The factory does not provide training on workplace conduct for relevant HR staff. [ER.27]
4. The factory communicates all Employment Functions and its hiring policy to employees during the orientation training, but does not include its policy on Personnel Development during the orientation training to new workers. [ER.15]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.15.2, ER.17.1, ER.17.3, and ER.27)

Action Plan Status:	Completed
Planned Completion:	10/07/16
Progress Update:	<p><u>Original Action Plan</u></p> <p>The factory management must identify to us the manager(s) that will:</p> <ol style="list-style-type: none">1. Create and implement an ongoing comprehensive training program based on the key Employment Functions (as identified in the finding above). Provide ongoing training on all policies and procedures for Industrial Relations, Workplace Conduct and Discipline, Health & Safety and Environmental Protection (see FLA Benchmarks).2. Establish mandatory training for all employees within the factory, including administrative staff, supervisors, and managers. More specifically, ensure HR personnel and administrative staff are trained on the factory's workplace conduct and discipline.3. Designate properly credentialed/experienced/knowledgeable compliance staff (or engage 3rd party expert/firm) responsible for the implementation of the training program.4. Enhance new worker orientation briefings by including more information about adidas group/Under Armour, and FLA Codes and benchmarks and more specific information about factory's working hours, personnel development, industrial relations, including a commitment to respect workers' associational rights and collective bargaining, terms and conditions; including wages and benefits, health and safety policy and procedures, an overview of employee handbook and other factory policies.5. Factory should be able to provide evidence of the training records includes training topic, date/time, trainer's name, trainee attendance records, training material. <p><u>Progress Updates</u></p> <p>05/08/17:</p> <p>1. It was verified that factory management has developed & implemented a training plan for 2016/ 2017 for all workers, managers, and supervisors. The training program includes the following information: Customers' COCs, company policies, legal updates, wages & benefits, hours of work, termination & retrenchment, industrial relations & freedom of association; Workplace Conduct & Discipline; HSE; Chemical Handling; waste/energy/water management.</p> <p>2 & 3. It was verified that the Factory conducted employment function & workplace training courses for 18 HR staffs on 20th Aug 2016 from 13:00- 14:30 by the Compliance Supervisor & for 19 supervisors on 20th Aug 2016 from 9:00- 12:00 & workers as well.</p> <p>4. It was verified that the training materials contained all previously required information made by the adidas group/Under Armour, as well as topics/information included in the FLA Code of Conduct and benchmarks. Trainings also provided more specific information on the factory's working hours, personnel development, industrial relations (including a commitment to respect workers' associational rights and collective bargaining), terms and conditions such as wages and benefits, health and safety policy and procedures, an overview of employee handbook and other factory policies.</p> <p>5. Training records include training topic, date/time of training, trainer's name, trainee attendance records. Training materials were available and are being kept for up to 3 years as defined by the Control of Documents Procedure (CP-EHS-PR-005)</p>
Completion Date:	05/08/17

Verification Result:

1. Finding Status: Remediated

Explanation:

The factory provides specific training for relevant supervisors on the following Employment Functions with the training records kept: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, and Workplace Conduct & Discipline.

2. Finding Status: Remediated

Explanation:

The factory provides annual training to its workers on the following Employment Functions with the training records kept: Recruitment, Hiring, & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, and Health & Safety.

3. Finding Status: Remediated

Explanation:

The factory provides training on Workplace Conduct & Discipline to relevant HR staff and keeps a record of training.

4. Finding Status: Remediated

Explanation:

The factory communicates all Employment Functions and its hiring policy to new workers during the orientation training including its policy on Personnel Development.

FINDING NO.4

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: Termination & Retrenchment, Workplace Conduct & Discipline, Grievance System, and Health & Safety.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.3 and ER.31.1)

Action Plan Status:	Completed
Planned Completion:	08/24/16
Progress Update:	<u>Original Action Plan</u> 1. Management to establish a regular policy and procedures review, update and approval process according to changes/updates in local regulations; including adidas group/Under Armour/FLA Codes and compliance benchmark most current requirements. Initially, start the review process for the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Workplace Conduct & Discipline, and Grievance System. 2. Management to designate a management and HR management members to be responsible for the regular review process. Designated staff member (the process

	<p>owner) is to document the process, track changes, collect feedback, and create workflows in collaboration with all persons involved.</p> <p>3. Maintain documentation on any review/update of the factory's policies and procedures.</p> <p>4. Management to designate a manager and/or HR management member to schedule and conduct verbal training to entire workforce on new policies. Training on new policies should be included in the factory's induction training (for new workers), and in the factory's refresher training (for current workers). In addition, designated manager/HR staff must post the following policies and procedures along with all other factory policies/procedures: Termination & retrenchment, workplace conduct & discipline, grievance system, and health & safety; all policies should be posted in a public area that is accessible to workers.</p> <p><u>Progress Updates</u> 05/08/17:</p> <p>1, 2 & 3. It was verified that the Regulation and Procedure of Labor Document Control (Doc No.: CP-HRCM-001, ver:00) was established & took effect on 27th June 2016. It includes all responsible parties in charge of preparing, reviewing & approving document as follows: - Human Resources Manager: responsible for compiling/updating all labor related documents - Human Resources & Compliance Manager: Responsible for reviewing and updating documents - Viet Nam Country Manager: Responsible for advising and approving documents All labor related documents are reviewed every 6 months (June & Dec), or as needed based on legal changes. This practice was implemented as of June 2016. - Employment contract termination procedure: taking effect on 24th Dec 2016, - Retrenchment policy: taking effect on 27th Jul 2016. - Discipline policy: taking effect on 25th May 2016. - Grievance System policy: taking effect on 20th Dec 2016 - Recruitment: taking effect on 27th Jul 2016 - Hiring & Personnel Development: taking effect on 27th Jul 2016 - Compensation: taking effect on 27th Jul 2016 - Hours of Work: taking effect on 27th Jul 2016.</p> <p>4. Additionally, we verified the training plan that was established & approved in 2017 included Workplace standards training courses (Customers COC, company policy, Internal communication channels, 6S, security/CTPAT) and refresher courses. Finally, it was also verified that new policies and procedures were posted on bulletin board at production public area. Training Supervisor will responsible for following & coordinating with relevant PIC to implement training as approved Training Plan 2017.</p>
Completion Date:	05/08/17

Verification Result:

1. Finding Status: Partially Remediated

Explanation:

Although there is a defined review period for policies and procedures to be reviewed and updated every six months (except for the Health & Safety policies, which are reviewed once a year), the factory has not properly implemented the review process. Changes are made to the policies and procedures after review, there is no system to inform the relevant management about the changes to the policies and procedures. Therefore the changes are not implemented.

Root Causes:

The person in charge of document control who composed the review procedures is not competent or aware of an effective document control or management review system.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1.3 and ER.31.1)

Action Plan Status:	Pending
Planned Completion:	9/30/2018

Progress Update:	<p><u>Original Action Plan</u> The factory has a "Regulation and procedure of Labor document control" policy in place which was developed in July 27, 2016. In this policy, it was stated clearly that all the updated/revised policies/procedures (if any) shall be communicated to all department via email and posted at the company's notice board. However, to make it clearer, the factory will review and revise their policy in detail (such as: person in charge, timeline, etc.).</p> <p><u>Progress Updates</u> Verified on 7/27/2018: The factory is under discussion on how to develop the procedure effectively.</p>
Completion Date:	

FINDING NO.5

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory does not effectively segregate waste streams, as legally required: Recycled and other wastes are mixed at first in bins and then separated later at a waste area. [HSE.1]
2. There is some exhaust vented from the laser cutting and web cutting operations into the air without filtering or testing. [HSE.1]

Local Law or Code Requirement

Decree No. 38/2015/ND-CP of the Government Guiding on Waste Management; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

Action Plan Status:	Completed
Planned Completion:	08/10/16
Progress Update:	<p><u>Original Action Plan</u> 1. Sustainable Improvement Required: Management must identify by name and title, and clearly define, the specific managers responsible/accountable to ensure: 1) Hazardous waste must always be segregated from non-hazardous waste. If the generation of hazardous waste cannot be prevented, then management should focus on the prevention of harm to health, safety and the environment, according to the following principles: a) Understanding potential impacts and risks associated with the hazardous waste over its complete life cycle b) ensuring that contractors handling, treating, and disposing of hazardous waste are reputable and legitimate enterprises, licensed by the relevant regulatory agencies and following good international industry practice for the waste being handled and c) ensuring that must compliance with applicable local and international regulation; 2) Evaluation of waste production processes and identification of potentially recyclable materials by: a) Separation and identification recycling of products that can be reintroduced into the manufacturing process; b) Investigation of external markets for recycling by other industrial processing operations; c) Establishing recycling objectives and formal tracking of waste generation and recycling rates and) providing training and incentives to employees in order to meet objectives. 3) Ensuring the local exhaust ventilation system for: a) Laser cutting and b) web cutting operations section are effectively installed with carbon activated filters; "Management must identify by name and title, and clearly define, the specific managers responsible/accountable for engaging a qualified 3rd party to create and help the factory to effectively implement, a formal written Waste Management Program that the factory management and workers will be trained to follow the below guidelines: A) Hazardous waste must always be segregated from non-hazardous waste. If the generation of hazardous waste cannot be prevented,</p>

	<p>then management should focus on the prevention of harm to health, safety and the environment, according to the following principles: a) Understanding potential impacts and risks associated with the hazardous waste over its complete life cycle b) ensuring that contractors handling, treating, and disposing of hazardous waste are reputable and legitimate enterprises, licensed by the relevant regulatory agencies and following good international industry practice for the waste being handled and c) ensuring that must compliance with applicable local and international regulation; B) Evaluation of waste production processes and identification of potentially recyclable materials by; a) Separation and identification recycling of products that can be reintroduced into the manufacturing process; b) Investigation of external markets for recycling by other industrial processing operations; c) Establishing recycling objectives and formal tracking of waste generation and recycling rates and d) providing training and incentives to employees in order to meet objectives.</p> <p>2. Ensuring the local exhaust ventilation system for: a) Laser cutting and b) web cutting operations section are effectively installed with carbon activated filters;</p> <p>3. Management is to assign top manager to set up maintenance regime and ensuring there is an appointed person accountable for monitoring and regular maintaining the exhaust ventilation system</p> <p><u>Progress Updates</u> 05/08/17:</p> <p>1 & 4. Factory has assigned Environmental Auditor and HSE officer to be responsible for monitoring the implementation of the waste management program since 2017. Additionally, the Factory has established Garbage Segregation and Management Procedure (Document No.: CP-EHSPR- 024, version: 00) which was approved by the Factory Manager & took effect on 16th Aug 2016. The procedure includes waste segregation & management flowchart. a, Factory equipped waste bins for segregating waste streams & conducted training for 25 workers b, The current sub-contractor handling, treating, and disposing of hazardous waste [Company X] has been authorized by the Government. Their license was issued on 27th Dec 2014 by the Minister of Resources & Environment/ Viet Nam Environment Administration, code: 5-6-7-8.016.VX c, Environmental Auditor and HSE officer have responsibility to update & apply local and international regulation</p> <p>2. In order to comply with the waste management system, Factory has implemented: a, b & d, Waste bins that are equipped & identified by clear labels and are segregated in specific areas. Additionally, the Factory has trained 25 workers to comply with the Garbage Segregation and Management Procedure (Document No.: CP-EHS-PR-024, version: 00) issued on 23rd Apr 2016. Leaflet has been delivered to workers to raise / enhance their awareness c. Factory has established Environmental Objective 2017</p> <p>3. The ventilation for Laser cutting and web cutting is planned to be tested quarterly by 3rd party. The latest testing report is completed on 05th Oct 2016 by Consultancy Center of O.H.S & Environment Technology, based on the report, all emission results were acceptable as per standards</p>
Completion Date:	05/08/17

Verification Result:

1. Finding Status: Not Remediated

Explanation:

Solid waste is not segregated in the factory; household waste is not classified or separated for recyclable and non-recycled waste. [HSE.1]

Root Causes:

It was found that although there are multiple dust bins in the canteen, there are not separate dust bins on the work floor to separate solid waste into recyclables and non-recyclables at the source. The factory does not have an effective monitoring system to ensure waste is separated properly.

2. Finding Status: Partial Remediated

Explanation:

The factory installed connecting pipes from the laser cutting and web cutting operations to expel the air outside the production building. [HSE.1]

Root Causes:

The factory does not think that the emissions from these machines is toxic.

Local Law or Code Requirement

Decree No. 38/2015/ND-CP, Art. 5.4; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

Action Plan Status:	Completed
Planned Completion:	9/30/2018
Progress Update:	<p><u>Original Action Plan</u></p> <p>Issue 1: 1. The factory will update/revise the internal waste segregation procedure and communicate clearly to all employees via annual training and new employee orientation. 2. The factory will develop a pocket leaflet about waste segregation and provided to all employees; 3. In addition, to ensure the policy is fully implemented, the factory also assigned the gardener to check whether the segregation is completed or not before the waste is accepted to place in the storage areas.</p> <p>Issue 2: The factory follows the legal requirements. A third party is invited to check the air emission quality quarterly. The last inspection was done on June 12th, 2018. The next inspection is planned in September 2018.</p> <p><u>Progress Updates</u> Verified on 7/27/2018:</p> <p>Issue 1: 1. COMPLETED. The factory already revised the waste segregation procedure on November 20, 2017 and already communicated to all employees via annual training and new employees' orientation. The last training for all employees was on June 27, 2018 and latest new employee orientation was on June 27, 2018; 2. COMPLETED. The factory already provided the pocket-leaflets about waste segregation to all employees for their acknowledgement. 3. COMPLETED. The factory also assigned the gardener to check whether the segregation is completed or not before the waste is accepted to place in the storage areas.</p> <p>Issue 2: COMPLETED. The factory has invited the authorized 3rd party to conduct the air emission quarterly. The current inspections have been done in March and June 2018 with the passed result.</p>
Completion Date:	

FINDING NO.6

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Some policy and procedures exist to protect the reproductive health of employees through minimizing exposure to workplace hazards, but they are not well implemented since the factory does not reassign pregnant women to other jobs, as legally required. [ND.8, HSE.12]
2. The factory does not communicate its Health & Safety procedures to the general workforce. [ER.16]
3. Workers do not use needle guards and eye shields on the sewing machines in the sewing department, although snapping machines pose a significant risk for accidents. [HSE.14]
4. Many machines and workstations do not have safety standard operating procedures (SOP) posted. [HSE.14]
5. The factory bathrooms are not kept clean, since cleaning personnel do not track and record the cleaning and maintenance. In addition, the factory does not equip the bathrooms with legally required signs restricting smoking in bathrooms. During the assessment, there were used cigarettes/cigarette butts found in the toilets. Nor are the bathrooms provided with soap. [HSE.19, HSE.20]
6. The factory conducts accident reports according to local law, however, tracking, analysis, and review of accidents is deficient. The factory does not conduct an accident analysis for proper injury management and did not track days lost due to accidents in 2015. [HSE.3]
7. There are no safety policies and procedures for work at heights and loading of racks. [ER.31]
8. Some shelves and racks in the warehouse were over stacked, without proper clearance from the ceiling. Racks in the material warehouse do not have posted load limits. [HSE.1]
9. The factory does not provide the proper Protective Equipment (PPE) for glues and solvents. About 50 workers applying glues or solvents used regular masks in place of carbon masks, although carbon masks are required in the Material Safety Data Sheets (MSDS). [HSE.7]
10. The laser-cutting department in the bonding section regularly operates laser cutting and welding machines with covers fully or partially open. [HSE.14]
11. The elevator gates to the elevator shaft were left open in several places/instances. The elevator gate at the canteen, although it was on the ground floor. In addition, the elevator gate by the laser-cutting department was left open during repairs, although some tape was put up as a warning. [HSE.13]
12. The drinking water filter station appears well maintained and tests are done periodically as required; however, the factory does not keep and track any logs or maintenance records. [HSE.4]
13. The factory does not provide proper PPE for the canteen. Canteen staff does not have or use boots and masks, and do not use gloves or hats/hair nets. [HSE.7, HSE.19, HSE.22]
14. The elevator repair team was welding without using masks, goggles and following proper welding/tank safety practices, e.g. the tank was not chained. [HSE.7]
15. MSDS were available for all chemicals, but not always posted in the correct area of use. Chemical containers were not labeled with their contents and main hazards. [HSE.9, HSE.10]
16. Not all employees who work with chemicals know how to safely work with chemicals. [HSE.9]

Local Law or Code Requirement

Circular No. 27/2013/TT-BLDTBXH of the MOLISA on Safety Training; FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.31; Nondiscrimination Benchmark ND.8; Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.4, HSE.7, HSE.9, HSE.10, HSE.12, HSE.14, HSE.19, HSE.20, and HSE.22)

Recommendations for Immediate Action

1. Ensure that all machines have appropriate machine guards. Regularly train and communicate to workers on the importance of using machine guards.
2. Ensure that bathrooms are clean at all times. Establish an effective maintenance and cleaning system to track proper cleaning of bathrooms, including records. Regularly train and communicate cleaning and maintenance staff on proper hygiene standards. Provide all bathrooms with soap and signs on smoking restrictions.
3. Provide workers with the appropriate PPE, and ensure that all workers use this equipment correctly. Regularly train and communicate to workers on the importance of using PPE.
4. Ensure that all machines operating in the laser-cutting department have covers that are completely closed at all times. Regularly train and communicate workers on the importance of keeping the machine covers closed at all times.
5. Ensure that elevator gates are closed at all times, including in the canteen and laser cutting department. Regularly train and communicate to the workers on the importance of closing the elevator gates.
6. Ensure that all contractors, including canteen staff and repair workers, wear all required PPE during food preparation and welding. Provide guidelines and safety practices for the contractors.
7. Ensure that all chemical containers are appropriately labeled, and MSDS are available at the production areas where workers use chemicals. Ensure that all MSDS are provided in local language and specify the chemicals' content and hazards.
8. Regularly train and communicate to workers on the safe use of chemicals.

Action Plan Status:	Completed
Planned Completion:	08/10/16
Progress Update:	<p><u>Original Action Plan</u></p> <ol style="list-style-type: none"> 1. To review and ensure to include in the Health & Safety procedures, measures and steps to: A) Protect employees' reproductive health by minimizing exposure to workplace hazards; a specific section or procedure should be created to ensure that the health and safety of pregnant workers and their baby are not affected by their job schedule, job position, etc. Procedure should identify work areas/positions that would present danger to a pregnant worker in order to ensure pregnant workers in these areas are reassigned to a non-hazardous area. B) Protect all personnel, visitors, contractors, service providers to ensure they can safely evacuate during an emergency; C) Protect all special categories of workers and children in childcare facilities so that they are safely evacuated during an emergency; and E) Provide a list of equipment and/or machines that require lockout/tag out in the event of being: i) serviced; ii) under maintenance and iii) repair work. 2. The weekly and monthly factory safety talks are conducted to communicate health and safety procedure to the general workforce. Workers are provided with factory health and safety handbook written in a local language understood by the workers 3. At all times, ensure that workers operating: a) Sewing machines, use needle guards and eye shields; b) snapping machines, use appropriate machine guarding; and c) use the appropriate Personal Protective Equipment (PPE). Assign someone responsible for ensuring that all machines are retrofitted with proper safety devices, e.g. needle guards, acrylic shields, conveyor belts, etc. Factory management is to ensure, and implement, a documented written PPE use positive incentive/reward/award system so workers: i) Use PPE at all times, throughout all departments; ii) conduct mandatory documented training sessions for all workers and managerial position related to the risks and harms of failing to wear/properly use, PPE and iii) post posters, written in the language(s) understood by its workers and managers, in each workplace showing the necessary and proper use of PPE for each worker. 4. All machines and workstations in production areas are posted with safety standard operating procedures (SOP) in local language or language understood by workers throughout the production departments. 5. Bathrooms are clean at all times. Establish an effective and regular maintenance and cleaning system to track proper cleaning of bathrooms (cleaning records should be maintained). Regularly train and communicate cleaning and maintenance staff on proper hygiene standards. Provide all bathrooms with soap and signs on smoking restrictions. 6. To set up a system to ensure all accident records and reports are regularly: A) tracked; B) analyzed; C) reviewed; D) conduct tracking or analysis of days lost due to accidents in 2015 and G) create a follow up action plan to prevent reoccurrence. 7. To develop and implement safety policies and procedures for: a) working at heights and b) loading materials on racks. Documented training materials and record for workers perform work at heights and loading materials on racks. 8. To post "load limits" in racks and shelves at the material warehouse. Goods and materials must: a) be stacked with the heavier items on bottom shelves and b) not exceed the specified load capacity of the shelves or racks. 9. At all areas in which glue is applied, workers must at all times be provided with proper PPE that is based upon MSDS such as NIOSH approved standard carbon activated masks and chemical gloves; 10. Workers in the laser cutting section are operating the laser machines: A) with appropriate and full enclosures/covers with safety interlocks and B) posted with standard operating procedures with specific requirements for closing the lids during operation; 11. All elevator gates in the factory are: a) to be installed with automatic sensors and ensuring gates must be closed to allow normal operation of elevator and b) posted with standard operating procedures to mention the requirement to close all the gates at every floor to operate elevator. Ensure proper safety practices when elevators are being maintained; 12. There is system to: a) Document log records; b) keep track and c) proper maintenance of all the drinking water filter station in the factory;

13. To conduct Job Hazard Assessment on appropriate Personal Protective Equipment (PPE) being used by canteen workers and ensure that: A) Workers are provided with: 1) Anti-slippery boots; 2) hairnet; 3) appropriate masks and 4) gloves; B) receive refresher training on the use PPE; C) they are communicated the use of appropriate Personal Protective Equipment (PPE) by posting safety poster in the canteen;
14. To set up work permit system in the factory and appoint accountable person ensuring to effectively implement: a) To Control hazardous work being carried out in the factory; b) to track all maintenance work including assurance that the elevator repair team must follow standard operation procedures; c) to monitor and enforce the safety requirements of welding work which requires the following: must: i) Welders be provided with appropriate masks and ii) welding goggles; iii) follow proper welding/tank safety practices and iv) the gas cylinder/tank must be properly chained.
15. Workers have unrestricted access (at all times) to all Material Safety Data Sheets in the storage and production areas. Label all chemical containers appropriately as such with their contents and main hazards.
16. Ensure that all workers working with chemicals are trained on chemical usage and chemical safety.

Progress Updates

05/08/17:

1.a. The Factory has established their Women's Rights Policy (Doc No.: CP-HRCM 013, Ver: 01). In 2017, all pregnant workers (after their 7th month of pregnancy) will be transferred to the pre-assembly area where the work areas present less risks to their pregnancy. In the case of an emergency, the pregnant women and workers with disabilities will be assisted by HSE network. b, Visitors, contractors, service providers will have a brief HSE training (how to response in case of emergencies, exit way, assembly area, etc.) & HSE training related to their working purpose by factory PIC; c) Fire Safety plan has defined the PIC to protect all special categories of workers (pregnant workers, visitors, etc.) so that they are safely evacuated during an emergency.

2. It was verified that HSE officer is announcing 6S & HSE reminders daily to all workers via loudspeaker since 12th Dec 2016. The topics will be changed from 6S, SMS (Short Message Service), PPE, HSE policies, Fire Safety, Fire Responsiveness on a rotational basis. The Factory provided to the PC internal audit team documentation illustrating weekly meetings with middle management to review their HSE performance.

3 & 9. Factory has planned maintenance of all factory machinery to ensure the equipment is retrofitted with safety guards including, i) PPE use at all times, throughout all departments ii, Training for 425 workers from 18th Aug 2016 to 30th Aug 2016 on PPE use (~ 1 hour/ class/ day). The training was provided by the HSE Officer. iii. The Factory also runs HSE & 6S videos on SCI TV in the canteens & delivered Employee's Handbook to all workers

4. It was verified that related SOPs are bilingual and posted in production area for reference

It was verified that Factory has established cleaning procedures: - Bathrooms will be cleaned twice by the assigned cleaner (once in the morning and once in the afternoon). - Additionally, the Factory has provided soap and posted smoking restrictions.

It was verified that Factory had a total of 29 accidents in 2016. It was verified that Factory had a total of 29 accidents in 2016. Their root causes were analyzed, & preventative corrective actions were created. A) Factory kept track of all 29 accidents in 2016 B) Factory conducted analysis to find the root causes of accidents. C) After 2 months since corrective action completion, Factory has reviewed the effectiveness of corrective action D) Total days lost due to accidents at Factory in 2016 were 108 days

7 & 14. a. Factory has established regulation for working in heights that requires that all certified suppliers/subcontractors receive "permit to work" from authorized person. It also requires they follow all HSE requirements when they work in factory. It was verified that the Factory has implemented training & working at height permit requirement for subcontractor that conducts camera system maintenance at the factory on 23rd Dec 2016. b, For loading materials on racks, the Factory has worked with supplier to receive

	<p>loading & limit capacity information to display in the racks area. Factory management also worked with warehouse dept. to ensure that all materials put on racks is under limit capacity.</p> <p>8. Factory posted "load limit" into racking required information: - Loading capacity: <600 kg/m2 - Limit capacity <108.000 kg</p> <p>9. Workers are provided proper PPE based on MSDS such as NIOSH approved standard carbon activated masks and chemical gloves; 10. It was verified that the Factory has installed safety guard for cutting machine & set formula that the machine can't be operated if the cover is open. Additionally, the Factory posted work instruction in local language & caution board in cutting machine; only workers who are trained on how to operate laser cutting machine are allowed to use it.</p> <p>11. It was verified that the Factory has installed Interlock between elevator door & the wall to ensure that the elevator doors are closed during operations. Additionally, the Factory posted caution board " Do not stand on when elevator is opening" as a preventive measure.</p> <p>12. It was verified that the Factory has established & conducted monitoring of its filter stations that includes a review of the water pressure, , waste water, fresh water, conductive indicator, pH indicator and salt indicator for all the drinking water filter stations in the factory in Nov'2016 a) Document log records are available for recording & monitoring; b) Documents are available for tracking c) Factory has a planned maintenance schedule of all the drinking water filter station in the factory to ensure that they are safe and adequate.</p> <p>13. It was verified that the canteen provides proper PPE for the canteen staff, and they receive the HSE training once a year which is part of the 2017 training plan approved by Management. A) Workers are provided with: 1) Anti-slippery boots; 2) hairnet; 3) appropriate masks and 4) gloves; B) The Factory conducts refresher training on the use PPE for all canteen staff C) They are communicated the use of appropriate Personal Protective Equipment (PPE) through the HSE & 6S video on SCI TV at canteen, & HSE daily broadcast</p> <p>15. It was verified that MSDS in local language including all required information are posted in the workplace, easy for workers' access when necessary 16. Factory provided chemical safety training to 22 workers who work with chemicals on 12th Aug 2016.</p>
Completion Date:	05/08/17

Verification Result:

1. Finding Status: **Not Remediated**

Explanation:

The factory has policy and procedures to protect the reproductive health of workers through minimizing exposure to workplace hazards, but they are still not well implemented. One pregnant worker works at fusing machines. Additionally, stain removing areas, where hazardous chemicals are used, are located within production lines, and not separately, which may affect the reproductive health of pregnant or lactating workers in the production lines. [ND.8, HSE.12]

Root Causes:

Supervisors and managers are not aware of policy and procedures to protect the reproductive health of workers.

2. Finding Status: **Partially Remediated**

Explanation:

The factory communicates its Health & Safety procedures to workers and supervisors; however, the foreign managers are not involved in training. [ER.16]

Root Causes:

Language barriers between local trainers and foreigners.

3. Finding Status: Not Remediated

Explanation:

Sewing workers put needle guards at a too high position and approximate 30% of workers do not use eye guards at work. [HSE.14]

Root Causes:

Workers do not heed the machinery risk as they have the high pressured quota to be completed.

4. Finding Status: Partially Remediated

Explanation:

The factory posted the safety standard operating procedures (SOP) at the machines and work station, however, laser cutting machines do not have safety warning signs in the local language. [HSE.14]

Root Causes:

The factory does effectively monitor machine safety.

5. Finding Status: Partially Remediated

Explanation:

The bathrooms are cleaned in accordance with the maintenance schedules posted. There are a no-smoking signs posted in front of the toilets and there are no cigarette butts in the area. However, still the factory does not provide soap and paper for the toilets in the canteen. [HSE.19, HSE.20]

Root Causes:

The monitoring is not conducted at the toilets at canteen area.

6. Finding Status: Remediated

Explanation:

The factory conducted an accident analysis and tracked days lost due to accidents in 2015 and 2016.

7. Finding Status: Remediated

Explanation:

The factory established the procedures for work at heights and loading of racks. The loading shelves are posted with loading capacity.

8. Finding Status: Partially Remediated

Explanation:

The factory monitors goods stored on the shelves and posts the load limit on the shelves in the accessory and finished goods warehouses. However, in the packaging warehouse and samples storage area, stacking is too high and there is no monitoring of the loading. [HSE.1]

Root Causes:

The factory does not monitor the stacking and load ability in the packaging warehouses and samples storage area.

9. Finding Status: Remediated

Explanation:

Workers were not using chemicals on the day of the assessment. Policy and procedures are established to ensure workers use the PPE provided when handling chemicals.

10. Finding Status: Partially Remediated

Explanation:

Welding machines are fully covered during operation, but seven old laser cutting machines are not fully covered. The operators put tape rolls or tools between the covers and the machines so that the covers are not closed fully when machines are running. [HSE.14]

Root Causes:

Workers are not aware of the risk from laser cutting machines.

11. Finding Status: Remediated

Explanation:

The factory has installed interlock device to ensure that the elevator doors are closed when operating.

12. Finding Status: Remediated

Explanation:

The factory signed contract with subcontractor to ensure water dispensers and their filters are checked regularly, as per the monthly schedule.

13. Finding Status: Remediated

Explanation:

The factory supplies PPE for the canteen staff, including boots and masks.

14. Finding Status: Remediated

Explanation:

The factory has a checklist to ensure the subcontract team has adequate PPE at work.

15. Finding Status: Remediated

Explanation:

MSDS are available for all chemicals in chemical warehouse. Chemical containers are labeled with their contents and main hazards.

16. Finding Status: Partially Remediated

Explanation:

The factory provided training for workers handling chemicals but they are not trained by the competent agency or trainer certificated. [HSE.9.2]

Root Causes:

The factory is not aware of the legal requirement regarding chemical training.

Local Law or Code Requirement

Circular 36/2014/TT-BCT, Art 4.3, FLA Workplace Code (Employment Relationship Benchmark ER.16; Nondiscrimination Benchmark ND.8; Health, Safety & Environment Benchmarks HSE., HSE.9.2, HSE.12, HSE.14, HSE.19, HSE.20)

Recommendations for Immediate Action

1. Protect the reproductive health of workers through minimizing exposure to workplace hazards of pregnant workers.
2. Reinforce the use of machine guards when working.
3. Post safety warning signs in the local language on laser machines.
4. Ensure old laser cutting machines are fully covered during operation.
5. Train workers on the importance of wearing boots in the canteen.
6. Ensure workers handling chemicals are trained by the competent agency or certificated trainer.

Action Plan Status:	In Progress
Planned Completion:	10/31/2018
Progress Update:	<p><u>Original Action Plan</u></p> <p>Issue 1: 1. The factory will revise the women's right policy and procedure identify proper steps/mechanism to ensure proper protection of workers' reproductive health, ensure the policy/procedure is fully implemented; 2. After the policy/procedure is revised, the factory will communicate the revision to all employees for their acknowledgement As the current practice, all pregnant and 12-month-child-nursing workers will be re-located to PPA area which is non-hazardous and chemical area.</p> <p>Issue 2: The factory will involve the foreign managers in the Health and Safety training as following: 1. The foreign management receives the training from the weekly production meetings; 2. The factory sends the H&S guidelines (in Chinese) to all foreign manager via email; 3. The factory will arrange the refresher training for the expats by the end of May 2018.</p> <p>Issue 3: 1. The factory will conduct the regular training (via annual training and new employees' orientation) for workers to raise their awareness and how to use the PPE (needle guard, eye guard, etc.) in a proper way; 2. The factory will develop the machine maintenance SOP to ensure any broken safety guards are timely reported and fixed; 3. The safety officers are assigned to do the daily roving and remind the workers.</p> <p>Issue 4: 1. Machinery dept. (VMD) already posted the safety warning in local language for laser cutting machines. 2. VMD dept. ensures all the machines have warning signs in the local language before the machines are transferred to the production. 3. The HSE officers will inspect the machines during the daily roving. If any machine lacks the warning signs, the HSE officers will report it to VMD and the dept heads for timely posted.</p> <p>Issue 5: 1. Since the toilets in the canteens (3 floors except ground floor) are under repairing. The canteen staffs can use the toilet at the ground floor. The soap and tissues are provided in this toilet; 2. The safety officer regularly checks the canteen toilets to make sure the soap and tissues are available.</p> <p>Issue 8: 1. To avoid over-stacking problem, the factory has the height limit for the shelves and racks: 1.5m per rack (material warehouse); 2. All shelves and racks are posted the loading limits and height limits; 3. The factory will provide the cover for each stacking/pallet to ensure no falling down.</p> <p>Issue 10: 1. The Bonding dept. head already held the meeting with the operators and trained them how to use the laser machines; 2. The factory will install the inter-lock device to ensure the machine will not operate when the lids are open; 3. The factory's maintenance team will conduct the regular checking/maintenance to ensure the safety cover properly functioning; 4. The safety officers will conduct the roving twice a week to ensure the practice is fully implemented.</p> <p>Issue 16:</p>

1. All new employees receive chemical safety training during the orientation.
2. All chemical handlers receive annual chemical safety training conducted by safety officers, Tik Chu, who is a certified trainer and has certificate in chemical safety issued by Department of Industry and Trade;
3. The factory will send the chemical handlers to the OHS Group 3 training in September 2018.

Progress Updates

Verified on 7/27/2018:

Issue 1:

1. IN-PROGRESS: The factory already revised the women's right policy and procedure on November 1, 2017. However, it is missing the proper steps/mechanism to ensure proper protection of workers' reproductive health, ensure the policy/procedure if fully implemented.

As site-tour observation, the pregnant workers and 12-month-child-nursing workers are centralized to PPA area which is non-hazardous and chemical area.

2. PENDING. After the policy/procedure is revised, the factory will communicate the revision to all employees for their acknowledgement.

Issue 2: The below action taken from the factory:

1. IN-PROGRESS. The H&S training session has been integrated in the weekly production meeting where the foreign managers received 30-minutes H&S training. However, there is lacking training records maintained;

2. COMPLETED. The factory already sent the H&S guideline to all foreign managers via email;

3. COMPLETED. The factory already arranged the refreshing training for all foreign managers on May 31, 2018 with all training records documented.

Issue 3: The below action taken from the factory:

1. COMPLETED. The factory has included PPE training in their annual training and new employees training. The latest new employee orientation was on July 25-26, 2018 and annual training in June 27, 2018. All training records are fully documented;

2. PENDING. The factory will develop the machine maintenance SOP to ensure any broken safety guards are timely reported and fixed;

3. IN-PROGRESS. The safety officers conduct the daily H&S inspection with the checklist. After the inspection, an inspection report is created and shared with respective department heads for improvement taken.

Issue 4:

1. COMPLETED. The factory already posted safety warning sign in local language (Vietnamese) for the laser cutting machine;

2. COMPLETED. The VMD dept. always check the machines have warning signs in the local language before the machines are transferred to the production;

3. COMPLETED. The HSE officers will inspect the machines during the daily roving. If any machine lacks the warning signs, the HSE officers will report it to VMD and the dept. heads for timely posted.

Issue 5:

1. COMPLETED. The factory has been providing each worker 2 rolls of tissue per month and the soap is provided on place at the toilet areas. For the canteen staffs, the soap and tissues are provided at the toilet in the canteen by the canteen owner;

2. COMPLETED. The factory safety officers check the toilets every 3 days with records maintained.

Issue 8: IN-PROGRESS

Issue 10: IN-PROGRESS

Issue 16: IN-PROGRESS

Completion Date:

FINDING NO.7

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory has not conducted an external third-party fire risk assessment. [HSE.5]
2. On August 4, 2015, the fire pump #1 was reported to be in need of repair and a new battery was needed; however, the factory did not repair it until September 24, 2015. [HSE.6]
3. There was no emergency light on the stairs at the light location C2-14. A log shows that it was removed for repair/new battery on October 1, 2015. It had not been repaired by the time of the audit on October 14, 2015. [HSE.5]
4. The fire inspection by the local fire department in May 17, 2015 required the legally mandated installation of sprinkler system in the factory but the factory is still considering how to comply. [HSE.6]

Local Law or Code Requirement

TCVN 3890:2009; FLA Workplace Code (Health, Safety, and Environment Benchmarks HSE.5.1, HSE.5.3, HSE.6.1)

Recommendations for Immediate Action

1. Ensure the timely repair of fire equipment.
2. Immediately repair the emergency light on the stairs (C2-14).
3. Follow the requirements of the fire inspection and install an appropriate sprinkler system within the factory.

Action Plan Status:	Completed
Planned Completion:	08/24/16
Progress Update:	<p><u>Original Action Plan</u> Immediate Action Required: The Factory must identify the manager and team who will ensure that:</p> <ol style="list-style-type: none">1. A third-party expert is retained to conduct fire risk assessment and address any issues found.2. There the timely repair of fire equipment such as the serving of fire pump that required replacement of new battery.3. There is proper maintenance regime in place: a) Document maintenance logs and keeping records of service of all fire safety equipment such as: i) Emergency Lights; ii) exit signs and iii) fire detection/prevention/protection devices; b) Conduct ongoing checks to ensure there is tracking system for all removed fire safety equipment after serviced and or repaired must be replaced at the original location; d) Immediately repair the emergency light on the stairs (C2-14).4. Comply with applicable local fire regulations and inspections by completing the installation of an automatic fire pump and sprinkler systems in factory buildings as requested by the local fire department. <p>Documentation must be provided when fire risk assessment and inspections have been completed."</p> <p><u>Progress Updates</u> 05/08/17:</p> <p>1 & 5. It was verified that the Factory has worked with 3rd party expert - [Company Y] to conduct fire safety assessment on 7 June 2016. The factory received a score of 68 - Medium risk. Factory has analyzed root causes of issues found & taken corrective action to eliminate/ minimize the risks. 2. The fire pump battery has been replaced. Additionally, the Factory has established water pump and fire hose checklist to monitor & track system, as well as assigned safety officer who will be responsible for following up & tracking. 3. The Factory has established their 2017 maintenance plan for all equipment</p>

	including fire safety equipment at factory. a) Maintenance logs and records of service of all fire safety equipment such as i) Emergency lights; ii) exit signs and iii) fire detection/prevention/protection devices are available for review b) Factory assigned PICs for each area to ensure there is a tracking system for all removed fire safety equipment after they are serviced and/or repaired so they are replaced in the original location; c. The Factory already installed emergency lights on the stairs at the light location C2-14. Factory has established a checklist for checking & tracking fire safety equipment. 4. According to the audit finding, that Factory has installed sprinkler system in factory buildings as requested by the local fire department. Fire pump already installed at the audit time.
Completion Date:	05/08/17

Verification Result:

1. Finding Status: Remediated

Explanation:

The factory commissioned the fire department to conduct a fire risk assessment as well as create a fire protection plan.

2. Finding Status: Remediated

Explanation:

The factory changed the battery of the fire pump #1 after the previous audit on August 24, 2015.

3. Finding Status: Remediated

Explanation:

The factory installed emergency lights on all stairs.

4. Finding Status: Partially Remediated

Explanation:

Sprinkler and smoke detector system are installed in the Materials and Finish goods warehouse but not in the workshops and Carton warehouse. [HSE.6]

Root Causes:

The factory considers to install the sprinkler system in workshops as they have a high cost.

Local Law or Code Requirement

Decision 2726/QD-BKHCHN, Art 6.1, Art 7.1; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.6.1)

Recommendations for Immediate Action

1. Equip the Workshops and Carton warehouse with sprinklers and smoke detectors.

Action Plan Status:	In Progress
Planned Completion:	8/30/2018
Progress Update:	<u>Original Action Plan</u> The factory plans to install the smoke detectors in the Carton warehouse and the workshops (Loading area (cut-parts storage), Machine area, Thread warehouse and Loading cutting area). They are expected to be finished the installation by the end of June.
Completion Date:	

FINDING NO.8

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory does not settle medical insurance claims within three days of approval of the from the social insurance authority, as required by Social Insurance Law. Procedures require that the insured employees send the claim and relevant valid documents to the factory while the factory sends submits the documents to the social insurance organization on a monthly basis for approval. As the last step, the social insurance authority approves the claim within 10 days from the date of receiving the documents from the factory. As per local requirements, thereafter the factory has to pay the insured employees within three days from the date of approval. [ER.22, C.1]

Local Law or Code Requirement

Law on Social Insurance, Article 117-1; Decision No. 919/QD-BHXH; FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmark C.1)

Recommendations for Immediate Action

1. Ensure that all medical insurance claims are settled within three days of approval from the social insurance authority, as per legal requirements.

Action Plan Status:	Completed
Planned Completion:	07/27/16
Progress Update:	<p><u>Original Action Plan</u> Immediate Action Required:</p> <ol style="list-style-type: none">1. The factory is to ensure that all medical claims are settled within three days of approval from social insurance authority, as per legal requirements.2. Management to develop a process to ensure all medical claims are paid within 3 days after submission.3. Factory to maintain all payment records evidence. <p>Factory must ensure that: a) The relevant management is trained on: i) The awareness of the legal requirements and ii) the process of settling medical claims; b) workers are aware (through training and documentation) of their legal rights regarding medical claims settlement.</p> <p><u>Progress Updates</u> 05/08/17: 1 & 2. Based on verification, factory has established Sickness & Maternity Payment Procedure (Document No.: CP-ACCT-002, version: 01) which took effect on 01st Jan 2017. Procedure mentions that all medical claims are settled within three days of approval from social insurance authority. 3. PC verified 01 set of social insurance for medical claim on 1st Dec 2016 which showed that the factory settled medical claim payment within 03 days of approval from social insurance authority as legal requirements - Social insurance authority approval date: 15th Dec 2016 - Payment date: 17th Dec 2016 4. It was verified that training on legal requirements re; medical claims is included in the 2017 training program for workers and management.</p>
Completion Date:	05/08/17

Verification Result:

1. Finding Status: **Remediated**

Explanation:

The factory has a procedure to pay insured workers within three working days of approval from the social insurance authority.

FINDING NO.9

TERMINATION & RETRENCHMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The written procedure on Termination does not comply with local laws. The procedure only covers case where an employee unilaterally terminates labor contract, contract expiration, and dismissal due to violation of the factory's regulations. In the case of contract expiration, the procedure does not require the factory to inform employees 15 days in advance before termination. In the case of dismissal, a dismissal decision is issued right after the violation is recorded, but the factory does not conduct a verification meeting. [ER.32]
2. The written procedure on Termination does not provide guidance on methods for calculating termination payouts. [ER.19]
3. The factory does not communicate its Retrenchment policy and procedures to the general workforce. [ER.16]
4. The factory does not arrange consultation meetings with workers or with worker/union representatives before the management reaches any final decisions on layoffs. [ER.32]

Local Law or Code Requirement

The Vietnam Labor Code, Article 36; FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.16.1, ER.19.1, ER.32.1, and ER.32.3)

Action Plan Status:	Completed
Planned Completion:	08/10/16
Progress Update:	<p><u>Original Action Plan</u> Immediate Action Required: The factory management must ensure with immediate effect to review the existing written Termination procedure which should:</p> <ol style="list-style-type: none">1. Comply with local laws;2. Covers all cases of termination such as: i) Retrenchment and layoff; ii) Employee unilaterally terminates labor contract; iii) Contract expiration and iv) Dismissal due to violation of the factory's regulations;3. Ensure that in the case of contract expiration, the factory must inform employees 15 days in advance before termination; all records of informing and payment should be kept accordingly4. Ensure that in the case of dismissal, the factory follow disciplinary procedures according to Decree 05/2015/N_-CP, all supported documents including Violation notes, Disciplinary meeting record and Disciplinary Decision should be kept for tracking. The disciplinary meeting and dismissal decision need to have consensus and signature of Trade Union, according to Vietnam law.5. Provide guidance on methods for calculating termination payouts;6. Communicate its retrenchment policy and procedures to the general workforce;7. Arrange consultation meetings with workers or with worker/union representatives before the management reaches any final decisions on layoffs. Factory should be able to provide evidence and all supported documents. <p>Ensure that the relevant management is trained on and aware of the laws and the revised Termination procedure.</p> <p><u>Progress Updates</u> 05/08/17:</p> <p>1, 2 & 3. Factory revised its Contract Termination Procedures (Doc. No: CP-HRCM- 011, ver: 01) to comply with local law. All required points included in the "Corrective action plan" are included in the revised document. Also, as a preventive measure, the Factory had developed The Regulation and Procedure for Labor Document Control (Doc No.: CP-HRCM-001, ver:00) which took effect on 27th June 2016. The policy requires all</p>

	<p>labor related documents to be reviewed every 6 months (June & Dec) , or as needed based on legal change. Procedures for employee contract termination includes the following scenarios: i) Retrenchment and layoff; ii) Employee unilaterally terminates labor contract; iii) Contract expiration and iv) Dismissal due to violation of the factory's regulations;</p> <p>4. The factory complies with disciplinary policy which was established on 25th May 2016. All supported documents including, disciplinary memo and Disciplinary Decision with consent of management and signature of Trade Union will be kept.</p> <p>5. It was verified that the calculation of termination payouts is included in the Contract Termination Procedures (Doc. No: CP-HRCM- 011, ver: 01) and it complies with clause 1, article 43 of labor law. 4) Factory established disciplinary procedures which includes steps on how to handle dismissals and disciplinary actions based on Decree 05/2015/N_-CP requirements. It's been verified that: - The Factory has not experienced any cases of dismissal. - For disciplinary cases, all supported documents including violation notes, disciplinary meeting records and Disciplinary Decision with related person's signature were available for review.</p> <p>6 & 8. The Factory has established training plan in 2017 including required training courses for new / current employees (workers & management). Additionally, the new policies and procedures were posted on bulletin board in public areas for workers' review.</p> <p>7. Factory has not conducted any massive layoffs/retrenchment. If they do at a later point, the Factory will comply with all legal requirements.</p>
Completion Date:	

Verification Result:

1. Finding Status: Partially Remediated

Explanation:

The factory revised the employment contract termination procedure (Doc. No: CP-HRCM- 011, ver: 01) to include steps when workers resign without notice. However, defines such resignations as workers illegally terminating their contracts, with a penalty of half-month's wages if they are unable to provide proper reasons and related proof as to why they were absent without notice. Also, the procedure does not define steps the factory has to do when the factory does not renew an expired labor contract. Workers are not informed 15 days in advance if the factory does not want to renew their labor contract nor does the factory consult with workers' supervisors or managers to assess if the contract should be renewed or terminated. The procedure does not have steps for workers to terminate their Labor Contract, such as how long in advance workers must give notice, and consequences if they resign without proper notice. When the factory does not renew a worker's contract, workers must write a resignation letter to the HR Department, which is not in line with the legal requirement. In cases of dismissal due to violations of factory policy, a verification meeting is conducted, but workers are escorted out of the factory immediately after the HR Department completes the termination document (the same day). [ER.32]

Root Causes:

The factory is not aware of the legal requirement.

2. Finding Status: Remediated

Explanation:

The factory established the written procedure on Termination including guidance on methods for calculating termination payouts.

3. Finding Status: Partially Remediated

Explanation:

The factory provides communication its Retrenchment policy to workers but does not provide it to foreign managers. [ER.16]

Root Causes:

The factory does not have a trainer who speaks Chinese.

4. Finding Status: Partially Remediated**Explanation:**

The factory arranges consultation meetings with workers or with worker/union representatives before the management reaches any final decisions on layoffs. [ER.32]

Root Causes:

The factory is not aware of legal requirement.

Local Law or Code Requirement

Decree 05/2015/NDCP Art 30.2; FLA Workplace Code (Employment Relationship Benchmarks ER.16 and ER.32)

Action Plan Status:	In Progress
Planned Completion:	9/30/2018
Progress Update:	<p><u>Original Action Plan</u></p> <p>Issue 1:</p> <ol style="list-style-type: none"> 1. The factory will review and update the Termination procedure and define the proper steps the factory shall take towards each case of termination; 2. After the procedure is revised, the factory will communicate all update to all employees and relevant department. <p>Issue 3:</p> <ol style="list-style-type: none"> 1. The factory will arrange a training of those internal procedures and policies to all of the expats. The topics will cover workplace standards, retrenchment policy, disciplinary procedures, benefits (wage and annual leave), supervisory skills, HSE training, etc. The training will be conducted before the end of May 2018. <p>Issue 4:</p> <p>The factory never laid off the workers so far. However, to ensure the proper implementation, the factory will develop a comprehensive retrenchment procedure.</p>
Completion Date:	

FINDING NO.10**INDUSTRIAL RELATIONS****FINDING TYPE:** Immediate Action Required**Finding Explanation**

1. The factory has a trade union under the Vietnam General Confederation of Labor (VGCL) that was established in 2006. The current union chairman was elected for the term of 3 years (2014 – 2017). Workers do not sign an application to join the union, but they automatically become union members upon signing labor contract. The factory deducts a union fee from the workers' monthly salary without the workers' written consent. [FOA.24]
2. Workers elected the representatives of their department. These representatives then elected the Executive Committee comprised of 15 people. The Board then elected the chairman, who is a staff member of the Purchasing department. [FOA.11]
3. The factory does provide a meeting room for the union upon request, but there is no designated office with the necessary equipment for the union to conduct daily meetings and for the union representatives to perform their functions. [FOA.15]
4. Workers are not provided 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, although there is a signed list of 98% workers who reportedly agreed with the contents of the CBA. [ER.16]

5. According to Article 77.2 of the Vietnamese Labor Code, when the laws concerning CBA provisions change and are no longer applicable, both parties (Factory and Union) must revise the CBA within 15 days from the effective date of the new laws. The CBA was signed in December 1, 2013 for a term of two years. There are many new laws and regulations that went into effect since then, but the factory has not updated or revised the CBA accordingly. [FOA.1, ER.26]
6. There are no written dialogue procedures. According to Article 10.2 of Decree No. 60/2013/ND-CP, the employer has responsibility to issue the regulation on periodical discussion at the working places after consulting the organizations representing labor collectives at grassroots and popularize publicly to each employee in enterprises for implementation. [ER.25]
7. Dialogue meetings were only organized by management twice in 2014 (April and July 2014) and no meeting was organized in 2015. According to Article 65.1 of the Vietnamese Labor Code, dialogue meeting should be organized every 3 months or based on requirement of either employer or employees. [FOA.1, ER.25, ER.26]
8. 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. [FOA.2]

Local Law or Code Requirement

The Vietnam Labor Law, Articles 63.3, 65.1, and Article 77.2; Decree No. 60/2013/ND-CP; FLA Workplace Code (Employment Relationship Benchmarks ER.16.2, ER.25.2, and ER.26.2; Freedom of Association Benchmarks FOA.2, FOA.15, and FOA.24)

Recommendations for Immediate Action

1. Ensure that workers voluntarily agree to the monthly deduction of the union fee. Require a written consent form signed by each worker and keep records of their written consent regarding the monthly deduction of union fees.

Action Plan Status:	Completed
Planned Completion:	08/10/16
Progress Update:	<p><u>Original Action Plan</u></p> <p>Immediate Action Required: The Factory must identify the Top management and team who will ensure:</p> <ol style="list-style-type: none"> 1. Management will seek and maintain written consent for the deduction of union dues from workers: a) Create a process to ensure written consent is requested at the time of hiring; b) The deduction for union member dues is reflected on workers' pay slip; 2. The Union and Worker Representatives have the facilities necessary for the proper exercise of their functions, including access to workplaces and designated union office/equipment to carry out their union meetings and legally mandated functions. 3. Workers are provided with copies of the Collective Bargaining Agreement (CBA), consistent with FLA benchmarks; 4. Both parties (factory and Union) must revise the CBA within 15 days from the effective date of any new laws in order to immediately update and revised the CBA in accordance to Article 77.2 of the Vietnamese Labor Code. 5. To develop a written dialogue procedure according to Article 10.2 of Decree No. 60/2013/ND-CP: a) The factory must be responsible to implement policy/procedure for periodical discussion at the working place after consulting the organizations representing labor collectives at grassroots and b) publicize to each employee in the factory as part of the implementation. 6. The Management must organize the dialogue meetings every 3 months or based on requirement of either employer or employees in accordance to Article 65.1 of the Vietnamese Labor Code. 7. That laborer conference is to be held once every 12 months in accordance with article 14 and 16 of Decree No. 60/ND-CP for all employees in the company. 8. The development/creation and implementation of Industrial Relations and Freedom of Association procedures that would enable workers to consult with and provide

	<p>input to management through appropriate structures to be developed for this purpose;</p> <p>9. Workers and Management representatives should be trained on new procedures; including non-discrimination and freedom of association standards for personnel in charge of policy/procedure development as well as implementation;</p> <p>10. Assign someone responsible for policy and procedure enforcement/implementation.</p> <p>11. Workers are specifically and regularly trained on their legal right to collectively bargain and the content of their CBA as part of their training on Industrial Relations.</p> <p><u>Progress Updates</u> 05/08/17:</p> <p>1. The Factory has defined requirements to join trade union in the Collective Labor Agreement which was signed on 5th Jan 2016. Additionally, per documentation review, i.e. trade union application form was reviewed in worker's file. a, The policy mentions clearly that workers have the right to join or not joint the trade union It also includes information on union dues (20.000 VNĐ) for union members. All workers have signed consent form at time of hiring. b, Trade union fee is deducted & reflected on worker's pay slip monthly.</p> <p>2. Factory has designed a place for trade union meeting office, all activities related to trade union will be conducted there.</p> <p>3. Factory has posted Collective Labor Agreement on the Bulletin Board for workers' reference.</p> <p>4. The latest CBA was revised on Apr' 2016 by for updating new laws.</p> <p>5. Factory has established Dialogue at the Workplace procedure to comply with Article 10.2 of Decree No. 60/2013/ND-CP: a) In order to improve & develop union-management relationship, the Factory has defined & assigned to the trade union chairman to be responsible for working with management team after getting feedback/ ideas from workers. b) Trade union will conduct quarterly meetings with representatives from management, trade union & workers in order to publicize company information to each employee in the factory as defined in the Dialogue at workplace procedure.</p> <p>6, 7. The Factory has established Dialogue at workplace procedure (Doc No.: CP-HRCM028, take effects on 27th Jul 2016)) which indicates that the dialogue will be conducted quarterly & include representative from management, trade union & workers. PC verified 02 dialogues at workplace meeting minutes that were conducted on 13th Aug 2016 with 71 participants from Head of Departments, Trade union chairman and trade union members & and 9th Dec 2016 with 50 participants from Head of Departments, Trade union chairman and trade union members. Laborer conference was conducted on 21st May 2016 with participation of 71 employees & 02 Head of departments & 3 persons from the trade union.</p> <p>8. Workers' suggestions/ ideas were raised & recorded through dialogue at workplace meetings.</p> <p>9. Factory has established training for 2017 including required training courses for new / current employees. Additionally, the new policies and procedures were posted on bulletin board in production area for workers' reference.</p> <p>10. On each policy & procedures, factory has defined the scope & administration for policy/procedure administration.</p> <p>11. Factory has planned to conduct CBA & Industrial Relations (as part of Dialogue at workplace procedure) for their employee.</p>
Completion Date:	05/08/17

Verification Result:

1. Finding Status: Remediated

Explanation:

Workers sign an application to join the Labor Union and agree to the deduction of a union fee.

2. Finding Status: Not Remediated

Explanation:

The factory has not arranged an election for a new representative and, as of July 2017, the Labor Union chairman, who is the Purchasing Manager, is the same. No union election procedure has been established to ensure workers can elect and vote for their representatives by themselves to be the Labor Union representatives. [FOA.11]

Root Causes:

The factory does not understand the FLA requirements.

3. Finding Status: Remediated

Explanation:

The factory now provides a meeting room for the labor union.

4. Finding Status: Remediated

Explanation:

The factory posts the Collective Bargain Agreement (CBA) on the Bulletin and provides it to workers.

5. Finding Status: Remediated

Explanation:

The CBA was last updated January 5, 2016.

6. Finding Status: Remediated

Explanation:

The factory established a dialog procedure, in accordance with the legal requirement.

7. Finding Status: Remediated

Explanation:

Dialog meetings are conducted quarterly, as required by law.

8. Finding Status: Not Remediated

Explanation:

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. [FOA.2]

Root Causes:

The Labor union follows the Trade Union Law of Vietnam.

Local Law or Code Requirement

FLA Workplace Benchmark (Freedom of Association Benchmarks FOA.2 and FOA.11)

Action Plan Status:	In Progress
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Planned Completion:	9/30/2018
Progress Update:	<p><u>Original Action Plan</u></p> <p>Issue 2: 1. The factory will develop a comprehensive and detail election procedure to ensure workers can elect and vote for their representatives by themselves to be the Labor Union representatives; 2. The re-election of the chairman and committee of the trade union was held on 2017/11/11. The factory and trade union follows the legal requirement to arrange the re-election every 5 years.</p> <p>Issue 8: The factory follows the local law follows local regulations related to the freedom of association.</p> <p><u>Progress Updates</u> Verified on 7/27/2018:</p> <p>Issue: Not available.</p> <p>Issue 8: COMPLETED. The factory follows the local law on freedom of association.</p>
Completion Date:	

FINDING NO.11

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There are no procedures for workers to appeal disciplinary actions against them. [ER.27]
2. The factory does not communicate its disciplinary procedures to the general workforce. [ER.16, ER.25, ER.27]
3. The factory does not inform workers when a disciplinary procedure has been initiated against them. [ER.27]
4. The factory does not comply with local law in terms of disciplinary decision rights. The HR Manager, who is duly authorized by the employer, can only issue discipline warnings, not impose either dismissal or a delay in wage increase as a form of disciplinary action, which the law only allows the Employer to impose. Specific requirements are set out in Article 30.4 of the Decree 05/2015/ND-CP guiding the implementation of some Articles of the Labor Code, which only allows the Employer or company's legal representative to apply serious disciplines to employees. [ER.27, ER.2]
5. The factory's disciplinary practice does not comply with local laws. The factory did not hold a meeting to verify violations as required by law. There are no authorized signatures and stamps on the warning letters. The warning letters were not sent to the violators. In one case, the factory disciplined a breastfeeding worker, contrary to local law, According to Article 155.4 of the Labor Code, the Employer is not allowed to discipline workers for any reason during their pregnancy, maternity leave and breastfeeding period. [ER.2, ER.27]

Local Law or Code Requirement

The Vietnam Labor Code on Discipline and Material Responsibility, Chapter VIII, Article 123 and Article 155.4; Decree No. 05/2015/ND-CP; FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.16.1, ER.25.1, and ER.27.3)

Recommendations for Immediate Action

1. Refrain from imposing disciplinary actions on special categories of workers protected by law, such as pregnant workers, lactating women, and women on maternity leave.

Action Plan Status:	Completed
Planned Completion:	08/10/16

<p>Progress Update:</p>	<p><u>Original Action Plan</u> The factory must identify the Top management and/or team who will ensure:</p> <ol style="list-style-type: none"> 1. Factory management is to enhance and/or add its Workplace Conduct & Discipline written policy and procedures to include: a/ disciplinary rules, b/prohibited behaviors; b) an appeal procedure; c) a 3rd party witness during imposition; and c/ a process to inform workers when a disciplinary process has been initiated against them, workers' right to participate and be heard in any disciplinary process against them and a require maintaining disciplinary records in workers' personal files. 2. To provide every worker with a copy of the workplace rules during orientation; 3. To communicate its disciplinary procedures to the general workforce. 4. To comply with the specific requirements are set out in Article 30.4 of the Decree 05/2015/ND-CP guiding the implementation of some Articles of the Labor Code, which only allows the Employer or company's legal representative to apply serious disciplines to employees. In terms of disciplinary decision rights to taken by the HR Manager, who is duly authorized by the employer: a) Can only issue discipline warnings: b) not to impose either dismissal c) and or a delay in wage increase as a form of disciplinary action which the law only allows the Employer to impose. 5. The factory's disciplinary practice must comply with local laws and such that: a) Factory must hold a meeting to verify all violations as required by law; b) documented authorized signatures and stamps on the warning letters and c) the warning letters must be sent to the violators; 6. The disciplinary meeting and dismissal decision need to have consensus and signature of Trade Union, according to Vietnam law. Factory management who sign off Disciplinary meeting records and Disciplinary Decision should be legal representative of factory authorized by law, according to Decree 05/2015/NĐ-CP. <p>To refrain from imposing disciplinary actions on special categories of workers protected by law, such as pregnant workers, lactating women, and women on maternity leave.</p> <p><u>Progress Updates</u> 05/08/17: Factory has issued Authorization Letter for HRCM (Human Resources & Compliance Manager)</p> <p>1 & 3. It was verified that the Factory has established the disciplinary procedure (Doc No.: CP-HRCM-027, ver: 00), taking effect on 25th May 2016. The Factory trained 18 HR staffs on 20th Aug 2016 from 13:00- 14:30. Additionally, Training plan which established in 2017 mentioned that they will conduct these training for all worker on Apr & Aug'2017, including the following training topics: a/ disciplinary rules, b/prohibited behaviors; b) appeal procedure; c) 3rd party witness during sanctions; and d/ a process to inform workers when a disciplinary process has been initiated against them, e) workers' right to participate and be heard in any disciplinary process against them and a require to maintain disciplinary records in workers' personal files.</p> <p>2. Factory has delivered copy of workplace rules/ employment handbook after completing orientation training to participants. Additionally, the Factory has posted workplace rules on the bulletin boards for reference.</p> <p>4. It was verified that the Factory has issued Authorization Letter for HRCM Manager who has authorization to sign on labor contract, resignation, accident investigation reports, disciplinary memos documents. Letter has been approved by Director & became effective on 3rd Oct 2016. The Authorization Letter spells out the HRCM Manager's roles & responsibility as per law: a) May issue disciplinary warning letters, b) But cannot handle dismissals, c) and or a delay in wage increase as a form of disciplinary action which the law only allows the Employer to impose.</p> <p>5 & 6. There have not been any dismissal cases at factory until now. Also, the Factory has established & applied the disciplinary procedure (Doc No. : CP- HRCM-027, ver: 00), taking effect on 25th May 2016.). The policy was mentioned the role & responsibility of employee, representative of employee and trade union as per law (Decree 05/2015/NĐ-CP). a) Factory will hold meeting with employee, HR, representative of employee and trade union to verify all violations as required b) Meeting minutes &</p>
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	<p>documented authorized signatures and stamps on the warning letters are available for review c) The warning letters are sent to the sanctioned worker for their awareness & 1 copy is kept by the HR Dept.</p> <p>7. Factory has established in the disciplinary procedure (Doc No.: CP-HRCM-027, ver: 00, page 2) that procedure won't apply to protected workers (ex: pregnant workers, lactating workers, workers on maternity leave, and disabled workers).</p>
Completion Date:	05/18/17

Verification Result:

1. Finding Status: Remediated

Explanation:

The factory established procedures for workers to appeal disciplinary actions.

2. Finding Status: Partially Remediated

Explanation:

The factory communicates its disciplinary procedures to the general employees but not for foreign managers. [ER.16, ER.25, ER.27.2]

Root Causes:

The trainer cannot speak Chinese.

3. Finding Status: Not Remediated

Explanation:

The factory does not inform workers when a disciplinary procedure has been initiated against them. Disciplinary meeting is not conducted for termination for absences, as prescribed. [ER.27]

Root Causes:

The factory is not aware of the legal requirement.

4. Finding Status: Partially Remediated

Explanation:

The disciplinary power is assigned to the HR Manager; however, the did not sign the dismissal decision. [ER.2, ER.27]

Root Causes:

The is not always present at the factory to sign the dismissal decision.

5. Finding Status: Partially Remediated

Explanation:

The factory revised the disciplinary procedure. It now includes protection for special categories of workers, such as pregnant and lactating workers, from disciplinary action. However, the procedure lacks steps for sending the disciplinary hearing invitation letters to the violator(s) and related parties to attend the disciplinary meeting, and if the violator(s) do not attend then the invitations should be at least sent to him/her three times before a disciplinary meeting is conducted and a decision is made without the presence of the violator (s). [ER.2, ER.27]

Root Causes:

The factory does not understand the legal requirement.

Local Law or Code Requirement

Decree 05/2015/NDCP Art 30.2&3; Art 30.4; FLA Workplace Code (Employment Relationship Benchmark ER.16, ER.25, ER.27.2)

Recommendations for Immediate Action

1. Conduct a disciplinary meeting for termination due to absences
2. Ensure the factory owner signs the dismissal decision.
3. Send invitation letters to violators three times before making a disciplinary decision.

Action Plan Status:	In Progress
Planned Completion:	10/31/18
Progress Update:	<p><u>Original Action Plan</u></p> <p>Issue 2: The factory will arrange a training of our internal procedures and policies to all our expats. The topics will cover workplace standards, retrenchment policy, disciplinary procedures, benefits (wage and annual leave), supervisory skills, HSE training, etc. The training will be conducted before the end of May 2018.</p> <p>Issue 3: 1. For those workers who are absent for 5 days or leave the factory without notice, the factory follows the legal requirement and send the notification to the workers (ask them to come back) three times (7 days per time). If they don't come back, we will consider the cases as terminating the contracts illegally instead of dismissal; 2. To be clearer in the implementation, the factory will ask for approval and advice from local authority about the current practice.</p> <p>Issue 4: There is no case of dismissal so far. However, to ensure the proper implementation in future, the factory will review and update the Disciplinary Handling procedure and mention clearly that the General Manager will sign on the dismissal decision.</p> <p>Issue 5: The factory has already revised the disciplinary procedure and included all the necessary steps including sending the disciplinary hearing invitation letters to the violator(s) and related parties to attend the disciplinary meeting, and if the violator(s) do not attend then the invitations should be at least sent to him/her three times before a disciplinary meeting is conducted and a decision is made without the presence of the violator (s). The factory also stated clearly in the updated procedure that employer is not allowed to discipline workers for any reason during their pregnancy, maternity leave and breastfeeding period.</p> <p><u>Progress Updates</u> Verified on 7/27/2018:</p> <p>Issue 2: Not available</p> <p>Issue 3: Not available.</p> <p>Issue 4: COMPLETED. The factory already updated the Disciplinary Handling procedure on December 23, 2017 and mentioned clearly that the General Manager will sign the dismissal decision. Remarks: There is no case of dismissal so far.</p> <p>Issue 5: IN-PROGRESS. The factory has already revised the disciplinary procedure and included all the necessary steps including sending the disciplinary hearing invitation letters to the violator(s) and related parties to attend the disciplinary meeting, and if the violator(s) do not attend then the invitations should be at least sent to him/her three times before a</p>

	disciplinary meeting is conducted and a decision is made without the presence of the violator (s). The factory also stated clearly in the updated procedure that employer is not allowed to discipline workers for any reason during their pregnancy, maternity leave and breastfeeding period. <i>Remarks: The actual practice will be verified in the next verification visit.</i>
Completion Date:	

(NEW) FINDING NO.12

POLICIES & PROCEDURES (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has not established a training procedure for personnel development; currently, it is only focuses on production-related skill development. [ER.28; ER.29.1; ER.30]
2. The factory has a Compensation procedure. However, it does not include calculations for the regular wage, night overtime, or annual leave. [ER.1]
3. The factory has not established a written procedure for managing overtime. [ER.23]
4. The factory does not establish a procedure to discipline supervisors and management when they violate the company Code of Conduct and abuse or discriminate their subordinates. [ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1, ER.23, ER.27, ER.28, ER.29, and ER.30)

Action Plan Status:	In Progress
Planned Completion:	10/31/18
Progress Update:	<p>Issue 1:</p> <ol style="list-style-type: none"> 1. The factory will develop the training procedure for personnel development. After the procedure is developed, it will be communicated to all employees and relevant departments; 2. The factory arranges various trainings for the workers, including soft skill, compliance and technical training. 3. The factory has the succession plan and the management has identified the talents in the factory, kept track of their training records and created the plan for their development. <p>Issue 2:</p> <ol style="list-style-type: none"> 1. The factory will review and update the wage calculation for regular wage, night overtime, annual leave and other benefits in the Compensation procedure. 2. The updated procedure will be communicated to all employees via annual training and new employees' orientation; 3. All the employees are given a handbook after the orientation for the newly intakes in which are stated clearly how to calculate the wage, night overtime. <p>Issue 3:</p> <ol style="list-style-type: none"> 1. The factory will develop the overtime management procedure and communicate to all employees and relevant departments accordingly; 2. The factory has adjusted the planning strategy. From May 2018, the daily production schedule is planned based on working 8 hours a day. <p>Issue 4:</p>

	The factory will review and update the internal disciplinary procedure to include the disciplinary forms towards the violation of Code of Conduct, abuse, harassment and discrimination.
Completion Date:	

(NEW) FINDING NO.13

TRAINING (MACRO)

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory has not provided training to foreign workers; there are 55 foreign workers, most of whom hold management positions. [ER.17; ER.27]

Local Law or Code Requirement

Decision 64/2008/BLDTBXH Art 8.1.3; FLA Workplace Code (Employment Relationship Benchmark ER.1; ER.15; ER.17; ER.27)

Recommendations for Immediate Action

1. The management received the occupational health and safety training for group 1 in 2017.
2. The compliance team gives the refresher training to all the middle management once a week in the production meeting.
3. The experienced expats do the echo training to the new comers.
4. The company will arrange the orientation and refresher training for the expats yearly.

Action Plan Status:	Pending
Planned Completion:	5/31/18
Progress Update:	The factory will provide the multiple trainings for the foreign expats including but not limit to new employees training, disciplinary procedure training, supervisory training, etc.
Completion Date:	

(NEW) FINDING NO.14

RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The labor contracts for foreign workers define an insufficient number of national holidays. Their labor contract's state they are entitled to nine instead of ten national holidays. [ER.22]
2. The labor contracts for Chinese and Taiwanese workers are in Vietnamese and English, but not in their native language. [ER.5.7]
3. Neither of the sampled foreign workers were provided with a copy of their labor contract; it was kept by their manager. [ER.5.7]
4. The factory applies an excessive probation period to sewing, cutting, and ironing workers; the factory requires one month of probation for those positions. [C.1]
5. In cutting section, males are arranged the work with higher ratio of CPU while females are allocated the work with lower CPU ratio. [ND.3.1]
6. The annual performance review procedure does not prohibit discrimination or provide written feedback

supervisors their performance. It is wage increase from the performance even if workers receive a high score (e.g., 4 of 5) on their performance review, wage increase. In the performance review records, there is no evidence or explanations to support the supervisors' assessment score for each assessment criteria to ensure fair assessment without discrimination toward any specific worker. [ND.2, ER.29, ER.30]

Local Law or Code Requirement

Vietnam Labor Code Art 27, 55, and Art 115; FLA Workplace Code (Employment Relationship Benchmarks ER.5.7 R.22; Nondiscrimination Benchmarks ND.2 and ND.3; Compensation Benchmark C.1)

Recommendations for Immediate Action

1. Cease the discrimination practice in employment.
2. Promote the respects to workers from management.
3. Promote the fair performance assessment among employees by an adequate performance assessment process with workers engagement into their performance assessment.

Action Plan Status:	In Progress
Planned Completion:	9/30/18
Progress Update:	<p>Issue 1: The contract has been revised in accordance with local labor law (10 days). Now all the expats are given a hard copy of the updated labor contract.</p> <p>Issue 2: The factory will add the native language in the labor contract of the expats (Chinese, Taiwanese and Pilipino)</p> <p>Issue 3: All the expats are given a hard copy of the labor contract.</p> <p>Issue 4: The factory will review all the working titles in the production process and apply accordingly as law requirement. In the meantime, the factory will also send a written letter to local labor authority to ask for further advice/approval before implementing.</p> <p>Issue 5: 1. The factory has the internal hiring procedure which is not limited female to apply to this job or any discrimination; 2. In the regular practice, the factory will continue to encourage of application from female workers; 3. The factory will communicate clearly the hiring procedure to all employees via annual training and new employees' orientation for their acknowledgement.</p> <p>Issue 6: 1.The factory will review and revise the performance review procedure in which will include: - Non-discrimination in the performance review; - Allow workers to provide written feedback or appeal their supervisor's assessment of their performance; - The supervisors provide the supporting explanation/evidence to support their assessment score for each assessment criteria to ensure fair assessment without discrimination toward any specific worker. 2. In addition, the factory shall review and consider/adjust the minimum score in a reasonable/achievable rating; 3. The updated procedure will be communicated clearly to all employees and relevant department.</p>
Completion Date:	

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. There is verbal abuse and harassment by the supervisors and few foreign managers, as reported on the obtained grievances. However, there is no evidence that the factory has disciplined the alleged supervisors and/or managers. The grievances allege that a Production Manager of Production Line C2, a line Leader in cutting, and the Cutting Manager (who is Chinese) shouted at workers using bad words. The grievances also alleged that the Cutting Manager does not treat workers fairly and if he dislikes a worker, he will daily bonus, or lower the rating, or issue enough warning letters so that the worker would receive a smaller CPU bonus monthly or none of the annual holiday bonus during April and September. was chased by a subordinate. [H/A.5; H/A.8; H/A.11.]
2. The factory does not have a system to discipline the supervisor or managers. [ER.27]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.27; Harassment & Abuse Benchmark H/A.5, H/A.8, and H/A.11)

Recommendations for Immediate Action

1. Cease verbal abuse and harassment of workers.
2. Establish and implement a system to discipline supervisors, managers and workers who engage in any kind of harassment or abuse.

Action Plan Status:	In Progress
Planned Completion:	9/30/18
Progress Update:	<p><u>Original Action Plan</u></p> <p>Issue 1:</p> <ol style="list-style-type: none"> 1. The factory will review again the "Abuse and Harassment" policy, Discrimination policies and Disciplinary policy/procedure; 2. The relevant policies/procedure will be again properly communicated to all department heads (especially foreign managers) and integrated in the factory's annual training to ensure they are all aware of these prohibited behaviors; 3. The HR Manager is assigned to ensure the disciplinary policy/procedure is properly executed. <p>Issue 2:</p> <ol style="list-style-type: none"> 1. The factory will review again the Disciplinary policy/procedure which applies to all positions in the factory; 2. The relevant policies/procedure will be again properly communicated to all department heads (especially foreign managers) and integrated in the factory's annual training to ensure they are all aware of these prohibited behaviors; 3. The HR Manager is assigned to ensure the disciplinary policy/procedure is properly executed. <p><u>Progress Updates</u></p> <p>Verified on 7/17/2018:</p> <p>Issue 1: Not available</p> <p>Issue 2: Not available</p> <p>IN-PROGRESS: The factory already revised the disciplinary procedure on December 23, 2017 and provided the training for all foreign managers on May 31, 2018 and about 2,615 employees as of July 31, 2018. The rest of employees will be trained by end of October 2018.</p> <p>Remarks: There is no case of disciplinary towards supervisor/manager noted.</p> <p>Issue 3: N/A</p>

Completion Date:	
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(NEW) FINDING NO.16

HOURS OF WORK

FINDING TYPE: Immediate Action Required

Finding Explanation

1. As reported, it is difficult for workers to receive approval for leaves, as the high quota allocated daily in each production line. [F.7.5]
2. The factory always includes overtime in its production plan. [ER.24; HOW.1.2;]
3. When workers take sick leave, managers force them to take extensive unpaid leave, in excess of that recommended by the doctor. Workers cannot afford to take this unpaid leave, so they are unwilling to apply for any sick leave. [HOW.15; HOW.16; HOW.17; ND.9]
4. There are inconsistencies between the provided time records, payrolls, and first aid documents regarding working hours and overtime (OT) hours. about 30% of the sampled printed time records do not have the time-in and/or time-out recorded. This was the case for time records from the day before the assessment, as well as the first and second day of assessment (although workers actually worked those days). [ER.23, HOW.1]
5. In the last twelve months, about 60% to 80% of workers worked excessive monthly OT, up to 50 hours a month. [HOW.1]
6. Elderly workers work excessive regular working hours and work overtime as well. [HOW.1, HOW.4]
7. There is off-the-clock work during lunch and dinner breaks. Due to the high quota, workers and line leaders have to work during breaks. During visits from customers, the factory reminds workers not to work through breaks.
8. When the quota has not been completed, workers have to stay after 20:00; however, they have to swipe out at 20:00 as overtime is only approved until 20:00. [ER.23; C.5; C.7]

Local Law or Code Requirement

Vietnam Labor Code Art.106, Art 166; FLA Workplace Code (Employment Relationship Benchmarks ER.23 and ER.24; Nondiscrimination Benchmark ND.9; Forced Labor Benchmark F.7; Hours of Work Benchmarks HOW.1 HOW.4, HOW.15, HOW.16, HOW.17; Compensation Benchmark C.5C.7)

Recommendations for Immediate Action

1. Ensure workers' leaves are not tied to a production quota.
2. Exclude overtime from the production plan.
3. Approve workers' sick leaves as long as doctor prescription.
4. Equip and maintain a reliable time recording system.
5. Ensure overtime hours are within the legal limit, and ensure they do not exceed 60 hours.
6. Manage the working hours of elderly workers in the legal limit.
7. Ensure workers do not work off-the-clock work, including time during breaks or after approved hours. Record properly all hours of work and compensate workers accordingly.

Action Plan Status:	In Progress
Planned Completion:	9/30/18
Progress Update:	<p>Issue 1:</p> <ol style="list-style-type: none"> 1. The factory will review again the leave policy and provide the proper training to all employees and department heads to ensure they are all aware of the company's policy and strictly follow; 2. The HR Manager is assigned to closely monitor the execution, regularly check the internal SMS system to know whether any further complaints from workers. <p>Issue 2:</p>

	<p>The factory will develop a comprehensive SOP about the production plan offering. Currently, the factory has changed the production plan proposed to customers based on 8-hour working instead of 9.5 hours.</p> <p>Issue 3:</p> <ol style="list-style-type: none"> 1. The factory will review and revise the leave policy/procedure to ensure the employees can take sick leave as per doctor's advice; 2. The updated leave policy/procedure will be properly trained to all employees and department heads for their acknowledgement; 3. The HR Manager is assigned to closely monitor the execution and red-flag to relevant department heads if any issue occurred. <p>Issue 4:</p> <ol style="list-style-type: none"> 1. The factory will review again the internal time recording procedure and cover all scenarios of workers not record their time in/out and how to handle it; 2. The updated procedure will be properly trained/communicated to all employees and relevant departments; 3. The HR Manager is assigned to closely follow up and randomly check to ensure the issue is not repeated. <p>Issue 5:</p> <ol style="list-style-type: none"> 1. The factory will be strictly monitoring the working hours. The working hours policy will be re-communicated to all employees and production manager and emphasize that the monthly overtime working hours are not exceeded 30 hours per month; 2. All the overtime working hours will be volunteered by the workers by filling the voluntary overtime request form when overtime is needed; 3. The HR Staffs will closely monitor the monthly overtime working hours and timely red-flag to HR/SEA Manager and Production Manager to avoid excessive overtime; 4. From May 2018, the planning of the production capacity will be based on 8 hours a day. <p>Issue 6:</p> <ol style="list-style-type: none"> 1. The factory will develop the elderly workers management policy/procedure; 2. The policy will be properly communicated to all employees (including elderly workers) and relevant departments; 3. HR Manager is assigned to closely monitor and ensure the proper execution towards elderly workers. <p>Issue 7:</p> <ol style="list-style-type: none"> 1. The factory will turn off the power during break time and it can be turned on 5 minutes before afternoon starting time and overtime starting; 2. The factory will update the working hours policy and monitoring procedure to ensure the issue is not repeated; 3. The HR Manager is assigned closely monitoring the working hours policy execution and red-flag to top management if any issue repeated. <p>Issue 8:</p> <ol style="list-style-type: none"> 1. The factory will update the working hours policy and monitoring procedure to ensure the issue is not repeated; 2. The security guards are assigned to do the roving and ensure no workers stayed over after approved/registered overtime. They will promptly report to HR Manager if any violation; 3. The HR Manager is assigned closely monitoring the working hours policy execution and red-flag to top management if any issue repeated.
Completion Date:	

WORKPLACE CONDUCT & DISCIPLINE

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory terminated a worker without notice due to illness. Upon request, the factory produced a resignation letter; however, the signature on the letter did not match the signature in the personnel file. [ER.27, ND.9]
2. There is a procedure to grant workers a bonus on the Victory Day holiday (April 30) and Independence Day (May 1). However, workers who resign before April 27 do not receive any portion of the bonus (which is not part of the factory's procedures, regulations, or wage scale). [ER.22]

Local Law or Code Requirement

Decree 05/2015/NDCP Art 30.4; FLA Workplace Code (Employment Relationship Benchmarks ER.22.1; ER.27; Harassment and Abuse Benchmark H/A.2)

Recommendations for Immediate Action

1. Ensure workers resign at will. Cease falsifying records to demonstrate compliance. Cease the penalty applied on the bonus and provide workers with ratio of bonus as aligned with workers.

Action Plan Status:	In Progress
Planned Completion:	9/30/18
Progress Update:	Issue 1: 1. The Termination procedure will be re-trained to all employees and relevant departments to ensure their well awareness. This topic will be added in the employee annual training; 2. The HR Staffs will check carefully all the resignation letters to ensure no more similar cases repeated; 3. The HR Manager is assigned to closely monitor the termination procedure execution. Issue 2: The factory will revise the CBA (Collective Bargaining Agreement) ("Bonus" article) about such bonus and communicated clearly to all employees.
Completion Date:	

(NEW) FINDING NO.18

COMPENSATION

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Workers were paid insufficiently for month with an extra working day. Factory wages are based on a monthly rate for 26 working days. For months with 27 working days, the factory simply divided the monthly rate by 27 (for a daily rate) instead of finding the daily rate based on 26 days and multiplying it by 27. [C.5]
2. The factory only provides workers with a child care allowance for first two , as described in the factory's wage scale and compensation procedures. [C.5, ER.22]
3. The skill level defined in the wage scale is not correct for sewing, cutting workers; the first level for these workers is 1.11 instead of at least 1.1235. [C.1]
4. The factory provides insufficient annual leave to cleaners and warehouse workers; they are provided with 12 days of annual leave instead of at least 14 days. [ER.22, HOW.11]
5. Every day, workers have a required ten-minute before the official starting time is neither considered as working time nor paid. [C.5, ER.18, C.7]
6. The annual leave of one foreign worker, who has been working with the factory for more than five years, is not

sufficient, as shown on his labor contract and from testimonials. He is entitled to 12 days of leave instead of 13 days (one additional day for every five years of service). [ER.22, HOW.11]

7. As reported in worker interviews, it is difficult to get a wage increase while working in this factory. Some workers have not an increase in their wage or skill level for years, especially in the cutting section. [ND.3]

Local Law or Code Requirement

Circular 47/2015/TTBLDTBXH, Art 13.4; Vietnam Labor Code Article 5.1, 93.1, 111.1, 112, 154.4, and 186.3; FLA Workplace Code (Employment Relationship Benchmarks ER.18 and ER.22; Nondiscrimination Benchmarks ND.2ND.3; Hours of Work Benchmark HOW.11)

Recommendations for Immediate Action

1. Calculate wages properly for the months.
2. Provide child care allowance to workers with children, as prescribed.
3. Ensure skill levels defined in the wage scale are correct for workers.
4. Provide 14 days of annual leave to cleaners and warehouse workers.
5. Ensure all time spent in meetings are paid as working hours.
6. Provide annual leaves to foreign workers as they are entitled.
7. Compensate probationary workers for unemployment insurance and annual leave.
8. Ensure workers and their contributions are appropriately rewarded and recognized.

Action Plan Status:	In Progress
Planned Completion:	9/30/18
Progress Update:	<p><u>Original Action Plan</u></p> <p>Issue 1: 1. The factory has already revised the formula in the system from July 2017. If the working days of the month reach 27, the daily wage will only be divided by 26 days; 2. Factory have made the announcement of new salary calculation and posted it on the board in each plant; HR team called the meeting with Trade Union and team/department representatives and explained the revision to them; 3. The factory will also update the new formula in their internal wage policy and properly trained to all employees.</p> <p>Issue 2: The procedure has been revised. Now the child care allowance is provided to the workers whose children is under the age of 6.</p> <p>Issue 3: The factory already revised the formula from the 2018 wage scale and the 1st level is VND 4,630,000 (1.163) and this wage scale has been applied since January 2018.</p> <p>Issue 4: 1. The factory will revise the annual leave policy in which provides 14 annual leave days for all workers (except office staffs) and effective from June 1, 2018; 2. The updated policy will be communicated to all employees via the annual training.</p> <p>Issue 5: 1. The workers are only allowed to get into the production floor 15 mins before the start of the work. The management doesn't allow the pre-production meeting to be conducted before the working hours. 15 mins is the grace period for all the workers to bio in and get ready for work; 2. The working hours policy will be re-communicated to all supervisors and managers to ensure no meeting conducted before starting time.</p> <p>Issue 6: The factory has reviewed and revised the local contracts for the expats who have worked in the factory for 5 years or more. The HR staff will review the contracts of the expats more carefully.</p> <p>Issue 7:</p>

	<p>1. The factory will review and revise the performance review procedure in which will include:</p> <ul style="list-style-type: none"> - Non-discrimination in the performance review; - Allow workers to provide written feedback or appeal their supervisor's assessment of their performance; - The supervisors provide the supporting explanation/evidence to support their assessment score for each assessment criteria to ensure fair assessment without discrimination toward any specific worker. <p>2. In addition, the factory shall review and consider/adjust the minimum score in a reasonable/achievable rating;</p> <p>3. The updated procedure will be communicated clearly to all employees and relevant department.</p> <p><u>Progress Updates</u> Verified on 7/27/2018:</p> <p>Issue 1: Not available</p> <p>Issue 2: COMPLETED. The factory already revised the woman's right policy and procedure on November 1, 2017 and regulated that the child care allowance will be provided to the female workers whose children is under the age of 6. Remarks: As randomly checked, the factory current practice is in-line with the updated regulation.</p> <p>Issue 3: Not available</p> <p>Issue 4: Not available</p> <p>Issue 5: Not available</p> <p>Issue 6: Not available</p> <p>Issue 7: Not available</p>
Completion Date:	

(NEW) FINDING NO.19

HEALTH & SAFETY

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The secondary containment system for chemicals stored in the warehouse is inadequate. [HSE.9]
2. The factory has not shoes and anti-chemical gloves chemical warehouse. [HSE.7]
3. The factory does not have procedures regarding working time, rest breaks, flexible sick leave, or part-time work to accommodate to chronically sick workers. [ER.31]
4. The factory does not provide workers with lockers. [HSE.1]
5. Pallets are stored vertically, instead of lying flat. [HSE.1]
6. The door of the canteen elevator does not lock when in operation. It does not have an interlock device and workers must close the doors manually, although they do not always remember to do so. [HSE.13]
7. The factory does not equip the loading area with fences; the area is about 1.5 meters high off the floor. [HSE.1]
8. There is excessive noise at the end of the sewing section next to the bonding section; it measures at about 89dB. [HSE.13]
9. It is too hot on the production lines of in the ironing, boiler, and packing areas and in the middle of Workshops B and C. Workers have to bring their own fans from home to use in the factory. [HSE.13]
10. The SOPs for the laser cutting machines do not include how to use the emergency shutoff button. [HSE.14]

11. The factory uses repair tape to connect electrical wire in the carton warehouse. [HSE.13]
12. Dormitories with children (two children observed on the assessment dates) are not totally separated from the factory; they are located inside the factory compound where vehicles run nearby. [HSE.26; HSE.27]
13. The factory does not provide a bathroom, menstruation room, or room to pump and store breast milk. [HSE.1]
14. The boiler operator does not have career certificate. [HSE.4]

Local Law or Code Requirement

Vietnam Labor Code Art 138.1; Circular 19/2016/BYT Annex 1; Circular 04/2014/TTBLDTBXH Art 3; Decision 64/2008/BLDTBXH Art 8.1.3; Decree 85/2015/ND-CP Art 3.3 and 6.1; FLA Workplace Code (Employment Relationship Benchmark ER.31; Nondiscrimination Benchmark ND.12; Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.9, HSE.13; HSE.14, HSE.26, HSE.27)

Recommendations for Immediate Action

1. Provide accommodation to chronically sick workers.
2. Provide workers with lockers, as legally required.
3. Store pallets lying flat.
4. Install an interlock device on elevators to ensure doors close when in operation.
5. Install fences in the loading area.
6. Reduce the noise level and temperature on the work floor.
7. Revise the machinery SOPs to include how and when to use emergency shutoff buttons.
8. Connect electrical wires properly; cease the use to repair tape to connect electrical wires.
9. Ensure dormitories with children are completely separate from the factory production, shipping, and loading area.
10. Provide shoes and anti-chemical gloves to workers in chemical warehouse.
11. Provide adequate secondary containment system for chemicals in warehouse

Action Plan Status:	In Progress
Planned Completion:	12/31/18
Progress Update:	<p><u>Original Action Plan</u></p> <p>Issue 1: The factory has already renovated the secondary containers to ensure the chemical safety.</p> <p>Issue 2: The factory has already provided the shoes and anti-chemical gloves for the workers in the chemical storage.</p> <p>Issue 3: 1. The factory has already developed the chronically sick accommodation policy regarding the chronically sick workers. When applying for the jobs, the candidates will be given a suitable positions, rest and health care to accommodate the chronic sickness. If the workers are found to have chronic sickness after joining the company, their jobs will be reviewed and they will be monitored by the factory. They will be tracked and periodically consulted by the company doctors and nurses; 2. The policy will be properly communicated to all employees.</p> <p>Issue 4: The factory already provided the lockers for workers working in the sensitive areas (logistic, material warehouse, label printing room, development center, etc.) The factory will study more on how to install the lockers for other workers in an effective and smart way.</p> <p>Issue 5: 1. All pallets are now stored in lying flat; 2. All the workers in the warehouses have been reminded of the requirements. 3. Safety officers will check during the daily roving. If it is seen, the safety officers will report it to the dept. heads.</p> <p>Issue 6:</p>

The factory has the interlock devices on the elevators. All the gates of the elevators are equipped with a small locking device. The canteen staff are required to lock the doors all the time.

Issue 7:

1. The factory already provided the chains, and warning signs in loading areas. The workers are required to hang the chains when they are not uploading;
2. The safety officer checks the loading area regularly to ensure the chain are hanged when the workers are not offloading the fabric.

Issue 8:

1. The factory will control the use of the air-guns in the end-line QC area (end of sewing section) and have a proper monitoring for those workers. The ear-plug will be provided to those workers;
2. The factory will conduct monthly working environment measurements for all factory areas as a regular internal monitoring. The latest inspection in the QC area was on May 8, 2018 and the result was 72.4-76.1dB.

Issue 9:

1. The factory does the regular maintenance of the cooling system to ensure they are in well condition. The maintenance is conducted yearly;
2. When conducting the annual maintenance, the factory will do the temperature measurement and provide the back-up fans in such areas to cooling down the temperature;
3. The factory will also conduct the monthly working environment measurements for all factory areas and take timely needed action.

Issue 10

1. The safety officer already provides the SOP for the laser cutting machines. It includes how to use the emergency shutoff button;
2. The factory will provide the proper training to all relevant workers working in this section;
3. The bonding supervisor will closely monitor and requires the operators to follow the SOP while operation.

Issue 11:

1. The electrician already repaired the secondary protection coated the wiring instead of using the tape;
2. The safety officers regularly check all the areas to make sure there is no taped wiring.

Issue 12:

1. Three Chinese expats invited their children to the factory during the children's summer vacation. Now the children have all gone back to China. The factory from now on will not allow the expats to bring their children to the factory premise. If they still want to bring their children to the factory or VN, they with their children need to live out of the factory premise;
2. The factory will develop a policy about dormitory management and stated clearly about the above practice and communicate clearly to all the expats.

Issue 13:

1. The workers during menstruation period can take rest in the clinic center. The factory has a lactation room and a refrigerator for pregnant workers to pump and store their breast milk in the clinic center with proper label;
2. The bath room is also located in the clinic center.

Issue 14.

The factory already sent our 9 boiler operators to join professional operation training in July 2018 and waiting for the training certificate in August 2018.

Progress Updates

Verified on 7/27/2018:

	<p>Issue 1: Not available Issue 2: Not available</p> <p>Issue 3: ON-PROGRESS. The factory already developed the chronically sick workers policy on July 10, 2018. However, it was noted communicated to all employees yet.</p> <p>Issue 4: Not available Issue 5: Not available Issue 6: Not available Issue 7: Not available Issue 8: Not available Issue 9: Not available Issue 10: Not available Issue 11: Not available Issue 12: Not available Issue 13: Not available Issue 14: Not available</p>
Completion Date:	

(NEW) FINDING NO.20

HEALTH & SAFETY (WORKER PROTECTION)

FINDING TYPE: Immediate Action Required

Finding Explanation

1. Tag guns are not labeled with users' names and are thus shared, which poses a risk of blood-borne pathogen risk to workers. [HSE.19]
2. Blood-borne pathogen procedure is not properly setup. The risk assessment does not focus on exposure and risks of blood-borne pathogens for all positions, but on how to do the first aid to slow down the risk of HIV whenever workers got injury by using the sharp tools. [ER.31, HSE.19]
3. The factory has quipped chairs with backrests for about 50% of sewing workers, Individual workstations are not adjustable to fit individual workers. [HSE.17]
4. One of two first aid kits in Canteen 1 is locked. [HSE.6]
5. There are no first aid spaces on the work floor in production buildings. [HSE.6]
6. The factory does not monitor cases of food poisoning, unconsciousness, or illnesses. [HSE.3]
7. There are first aid supplies missing in the first aid bag in the clinic. first aid supplies in first aid kits follow the legal requirements. [HSE.6, HSE.18]
8. The factory not provide a recruitment health check. [HSE.1]
9. Two out of three medical staff do not have occupational health certificates. [HSE.18]
10. Workers are not trained in proper lifting techniques or provided with lifting belts. [HSE.17]

Local Law or Code Requirement

Circular 19/2016/BYT Art 8.1, Annex 4; Law 84/2015/QH13 Art 21.3, 73.2, and 73.4; Vietnam Labor Code Articles 138, 138.1 and 140.1; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.3, HSE.6, HSE.17, HSE.18, and HSE.19)

Recommendations for Immediate Action

1. Label tagging guns with users' names and reinforce workers not to share the tagging guns in operations.
2. Establish proper Blood borne pathogen procedure and exposure control plan to be applied in the factory.
3. Equip chairs with back rests and adjustable work station for all sewing workers.
4. Ensure first aid kits are accessible at all times.
5. Equip work floors in production buildings with first aid spaces.
6. Monitor and keep records of food poisoning, unconsciousness, and illness.
7. Stock first aid bags in the clinic with full first aid supplies.
8. Provide new workers with a recruitment health check.

9. Ensure all the clinic staff have the appropriate occupational career certificates.

Action Plan Status:	In Progress
Planned Completion:	10/30/18
Progress Update:	<p>Issue 1:</p> <ol style="list-style-type: none"> 1. The factory already held a meeting with all the workers using the tag guns and the clerks in the equipment rooms. They have been trained on how to use the tagging gun properly and the guns should have the name tags, caps and warning signs; 2. The clerks in the equipment room are responsible for checking the guns when they distribute the tools to the workers; 3. The safety officers check daily the production areas to make sure all the tagging guns have the name tags, caps and warning signs. <p>Issue 2:</p> <ol style="list-style-type: none"> 1. The factory will identify the positions which have risks of blood-borne pathogens and propose control methods to prevent and update risk-assessment; 2. The factory will revise the blood-borne pathogen procedure and add cases of exposure for having risks of blood-borne pathogens and provide the proper training to the relevant workers. <p>Issue 3:</p> <ol style="list-style-type: none"> 1. The factory has started renovating the chairs since 2016. Now more than 95% of chairs have back support. All the chairs will be equipped with back support by the end of 2018; 2. The individual work station (the height of the sewing machine) can be adjusted. <p>Issue 4:</p> <ol style="list-style-type: none"> 1. The first aid kit boxes in all factory areas are unlocked at all time; 2. The company nurses and safety officers are responsible for weekly checking the first aid kit and ensure the first aid kit boxes are unlocked at all time. <p>Issue 5:</p> <p>The factory will designate the first aid spaces on the work-floor and have proper signage for identification.</p> <p>Issue 6:</p> <ol style="list-style-type: none"> 1. The factory will review and update the internal health monitoring procedure; 2. The factory keeps track of the illnesses daily and conduct the analysis weekly; 3. The nurses and doctors do the daily health talk via loud-speaker system to the workers (5 minutes/time) for different health topics; 4. The factory also provides the health broadcast in the canteen area during lunch. <p>Issue 7:</p> <ol style="list-style-type: none"> 1. The factory already provided the first aid bag in the clinic room according to law requirement; 2. All the first aid supplies are checked by the nurse twice a week. <p>Issue 8:</p> <ol style="list-style-type: none"> 1. The factory will review the positions with high risks and prioritize to arrange the pre-employment health check up for them upon hiring; 2. The factory will update our recruitment regulation and procedure; 3. The factory will provide the training on the revised regulation to our workers; 4. The factory will approach the local labor/health authority and work out a solution for this issue. <p>Issue 9:</p> <p>All the medical staffs have been sent to the OHS training - group 5 in October and December 2017. All of them got certificates after the training.</p> <p>Issue 10:</p>

	All employees receive ergonomics and lifting training through the orientation and refreshing training.
Completion Date:	

(NEW) FINDING NO.21

HEALTH & SAFETY (FIRE AND EVACUATION SAFETY)

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The factory has not equipped fire extinguishers the counter sample or washing sample room. [HSE.6]
2. Thirty percent (30%) of fire extinguishers on the sewing lines and in the Finished Goods Warehouse are not mounted. [HSE.6]
3. The factory stacks finished goods within 10 to 15cm of electric wires in the Finished Goods Warehouse. It stores goods against the wall in the Cartons and Sample Stock Warehouses. [HSE.1]
4. In the Carton Warehouse, a poster covers the operational instructions of a fire extinguisher. [HSE.6]
5. The exit in the samples storage area is only 1.9 meters high. [HSE.5]
6. One of two exits from the bonding section is connected to a spiral staircase, which is not safe for evacuation. [HSE.5]
7. In samples room of the Carton Warehouse, an emergency light and exit sign is missing. [HSE.5]
8. Thirty percent (30%) of exit arrows at Workshop A are too blurry. [HSE.5]
9. The emergency exit in Quality Control (QC) of Workshop A is blocked. [HSE.5]
10. The exit doors of Workshop A do not open outward, as they are rolling doors. The factory keeps the doors locked in the open position. [HSE.5]

Local Law or Code Requirement

Decision 2726/QDBKHCN Articles 5.1.1 and 10.1.6; Decree 79/2014/NDCP Art 7.1; QCVN 01/2011/BCA Art 3.1; QCVN 06/2010/BXD Art 3.2.3, 3.3.1, and 3.3.7; TCVN 2622:1995 Art 7.18; TCVN 7435-1:2004 Art 5.5 and 5.9; FLA Workplace Code (Health Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.6)

Recommendations for Immediate Action

1. Equip the counter washing sample room with fire extinguishers.
2. Mount fire extinguishers in the sewing lines and Finished Goods Warehouse.
3. Stack finished goods at least 50 cm away from electric wires and walls.
4. Ensure exits are at least two meters high and not connected to spiral staircases for evacuation.
5. Equip the samples retaining room in the carton warehouse with an emergency light and exit sign.
6. Keep exits in QC of Workshop A free from obstacles and accessible at all times.
7. Ensure exits open outwards throughout the factory.
8. Repaint the exit arrows in Workshop A.

Action Plan Status:	
Planned Completion:	12/31/18
Progress Update:	<p>Issue 1:</p> <ol style="list-style-type: none"> 1. The factory already provided the fire extinguisher outside n the counter sample room or washing sample room. The factory also provided 2 more fire extinguishers inside to ensure the fire safety; 2. Completed. Safety officers rove the factory daily and will report to the Fire Safety Officer if they find some areas lacking fire equipment. <p>Issue 2:</p> <ol style="list-style-type: none"> 1. The factory already mounted all the fire extinguisher in the sewing lines and in the finished goods warehouse; 2. The Fire Safety officer is checking the fire extinguishers monthly; checks are documented.

	<p>Issue 3: 1. The factory already rearranged the stacks with the space of 0.5m between the racks and the walls; 2. In-progress. The Safety Officers will conduct the regular checking to ensure the consistent implementation.</p> <p>Issue 4: 1. The safety officer already moved the poster to another prominent location and reminded the workers not to obstruct the instructions of the fire extinguisher; 2. In-progress. The safety officer checks the carton warehouse regularly to ensure all the fire extinguishers as well as the instructions are not obstructed.</p> <p>Issue 5: The exit in the warehouse of the same room is 2.2m high now.</p> <p>Issue 6: The factory already reviewed and changed the exit route. Another door on the same floor is used as the exit door.</p> <p>Issue 7: 1. The factory already provided an emergency light and exit light for the sample room; 2. The safety officer is assigned to check the emergency light and exit light twice a month.</p> <p>Issue 8: 1. The safety officer already repainted the new exit arrows for workshop A. 2. The safety officers rove the factory daily for checking and will communicate to relevant department for timely fixing if any emergency exit arrows are blurry.</p> <p>Issue 9: 1. After the audit, the factory already fixed this issue immediately; 2. HSE team has already provided the training to the dept. head and the workers in that area. The aisles are clear of obstruction all the time. 3. The guards are assigned to conduct the roving for regular check and ask the workers to fix the issue promptly.</p> <p>Issue 10: The factory will re-innovate the exit doors with open outwards for all the workshop.</p>
Completion Date:	

(NEW) FINDING NO.22

HEALTH & SAFETY (CANTEEN)

FINDING TYPE: Immediate Action Required

Finding Explanation

1. The light bulbs in the kitchen of the foreign workers' dormitory are not covered. [HSE.13, HSE.19, HSE.22]
2. Food containers are not kept off the floor. [HSE.19, HSE.22]
3. In the canteen. spoons for serving rice are not provided. Workers use their own bowls to serve themselves rice. [HSE.19, HSE.22]
4. In the kitchen in the dorm for foreign workers, waste bins are not covered. The cutting boards are not made of water resistant materials. [HSE.19, HSE.22]
5. In the canteens for workers, cotton nets are used to cover tools which pose a risk of cross-contamination. [HSE.19]
6. Food samples were not stored in Canteen 2 from May 27 to June 2, 2017 as the medical staff, who are the were traveling during that period. [HSE.19]

7. The factory has not established a procedure for taking and storing food samples or to the food origin/quality. [ER.31]
8. As reported, food provided by the canteen, especially Canteen is not safe and hygienics a result many workers decided to skip lunch and work through lunch time. Some workers bring their lunch to the work place for lunch because they cannot eat the canteen food owever, if the factory would be disciplined. The workers officially raised their grievances to factory management, the HR team, Labor Union, and the compliance team to change the catering service provider since September 2016. At that time, the HRCM team met the workers and provided each worker with a can of fresh milk and told workers that if the quality of food did not improve, the factory would change the catering service provider. However, quality of the food did not improve. Several times, workers decided not to eat dinner at the canteen during the overtime break, and the supervisors had to release workers to go home without working overtime on those days. anagement did not have any record of meeting minutes or the resolution; according to management, the food from the canteen was ok to eat. [HSE.22]
9. Canteen workers do not wear the provided boots. [HSE.8, HSE.19]

Local Law or Code Requirement

Circular 15/2012/TTBYT Art 1.5, 1.8, 2, and 2.3; Circular 30/2012/TTBYT Art 4.7; Law 84/2015/QH13 Articles 23.1, 72.1, and 72.2; FLA Workplace Code (Employment Relationship Benchmark ER.31, Health, Safety & Environment Benchmarks HSE.1, HSE.8, HSE.13, HSE.19 and HSE.22)

Recommendations for Immediate Action

1. Keep food containers off the floor in the canteen; store food properly.
2. Provide serving utensil for in the canteen.
3. Cover waste in the canteen and equip water resistant material cutting boards for at the kitchens.
4. Take and store food samples daily.
5. Ensure the food served by the canteen is safe and hygienic.

Action Plan Status:	In Progress
Planned Completion:	9/30/18
Progress Update:	<p>Issue 1: The factory will install the cover for the light bulbs in the kitchen accordingly.</p> <p>Issue 2: The canteen now is using pallets to keep food containers off the floor.</p> <p>Issue 3: 1. The rice is served in the small rice containers which is put on each eating table and each container has a big-size spoon for workers to use; 2. The Safety Officer will randomly check to ensure the practice is fully followed.</p> <p>Issue 4; The factory has already provided the waste bins with lid and changed the chopping boards to be made up of water resistant materials (plastic material).</p> <p>Issue 5: The factory already changed the new food supplier from May 2018. The canteen supplier now keeps the cutlery in the meal trays with proper cover and other cooking tools are stored at their facility as the washing is done there.</p> <p>Issue 6: 1. The catering supplier is responsible for taking the food samples daily and send to the factory clinic. The food samples are recorded in daily logbook; 2. The company has two nurses. If one nurse is absent, the other nurse will be responsible for taking the sample and take the log.</p> <p>Issue 7: 1. The factory has a procedure for taking and storing food samples. However, the factory will review and update the "Canteen Management" procedure includes the monitoring raw food origin/quality.</p>

	<p>2. As the current procedure and practice, the catering supplier must send daily food samples (rice, soup, main dish, and noodle) to the factory clinic before 10:00 (lunch) and 15:30 (dinner);</p> <p>3. The catering supplier is required to keep the documents to prove the origin of food; 4. The factory will randomly conduct the internal inspection to the catering supplier twice a year.</p> <p>Issue 8:</p> <p>1. The factory has been working with the supplier (An Thai) since November 2017 till April 2018. However, the quality of the food still didn't meet the workers' expectation. Therefore, the factory has already changed the canteen supplier from May 2018. More workers now go to eat in the canteen. The factory will work with a 3rd party this year to conduct a worker satisfaction survey on June 29, 2018 and wait for the result;</p> <p>2. The factory also internally conduct the workers satisfaction survey about the food and canteen service on July 7, 2018;</p> <p>3. The management joins the lunch with the workers in the canteen daily and monitor the quality/quantity of the food. Now most of the workers go to eat in the canteen and the management has received the positive feedback about the food from the workers so far.</p> <p>Issue 9:</p> <p>The factory already changed new the catering supplier since May 2018 and there is no longer dishes washing process in place, so the factory requires the canteen staffs to wear the shoes.</p>
Completion Date:	

(NEW) FINDING NO.23

ENVIRONMENTAL PROTECTION

FINDING TYPE: Sustainable Improvement Required

Finding Explanation

1. The factory's Environmental Protection procedures do not enable workers to raise environmental concerns or protections against retaliation for doing so.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31)

Action Plan Status:	In Progress
Planned Completion:	9/30/18
Progress Update:	<p><u>Original Action Plan</u></p> <p>1. The factory will review and update the current EHS (Environment, Health, Safety) policy with the following terms:</p> <ul style="list-style-type: none"> - All employees are free to send their feedback or concerns related to the environment or any other matter through the feedback/grievance channels: suggestion box, SMS, company hotline, trade's union hotline, buyers' hotline, direct approach, 3-party-meeting and labor conference. - All the workers' information will be kept confidentially and workers are free of retaliation; <p>2. The factory will properly communicate to all employees the updated policy.</p> <p><u>Progress Updates</u></p> <p>Verified July 27, 2018:</p> <p>IN-PROGRESS. The factory already revised the current EHS (Environment, Health, Safety) policy on January 1, 2018 with the following terms:</p>

	<p>1. All employees are free to send their feedback or concerns related to the environment or any other matter through the feedback/grievance channels: suggestion box, SMS, company hotline, trade's union hotline, buyers' hotline, direct approach, 3-party-meeting and labor conference.</p> <p>2. All the workers' information will be kept confidentially and workers are free of retaliation.</p> <p>However, there is no training provided to all employees yet.</p>
Completion Date:	