



COMPANY: **Maxport Accet Limited**  
COUNTRY: **Vietnam**  
ASSESSMENT DATE: **11/27/14**  
MONITOR: **Global Standards (Vietnam)**  
PRODUCTS: **Apparel**  
PROCESSES: **Cut, Sew, Embroidery, Packing**  
NUMBER OF WORKERS: **4500**  
NUMBER OF WORKERS INTERVIEWED:  
ASSESSMENT NUMBER: **AA0000000559**

## FLA Comments

Maxport Limited joined the FLA as a Participating Supplier in 2009. In April 2017, Maxport Limited split into two companies which resulted in four out of eight factories ceasing to be under FLA scope, including the factory in this assessment. Due to the transfer in ownership, Maxport Limited is no longer responsible for the follow-up remediation of findings in the factories no longer under its business and that are no longer under FLA scope.

No retrenchment was caused by the business split, with most of the workers still employed by the respective factories; workers' right to compensation and benefits are adequately ensured. There were no negative impacts on workers as a result of the business split

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# Understanding this Assessment Report

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

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

## Glossary

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

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

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

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

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

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

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

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

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

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

### Finding type

- **Immediate action required:** discoveries or findings at the workplace that need immediate action because they not only constitute an imminent danger, risk the workers' basic rights, threaten their safety and well-being or pose a clear hazard to

the environment, but also are clear non-compliances with the FLA Workplace Code of Conduct and local laws. Examples include a finding by the assessor that crucial fire safety elements are not in place or that there is underpayment of wages and/or worker entitlements or that there is direct discharge of waste water, etc.

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

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

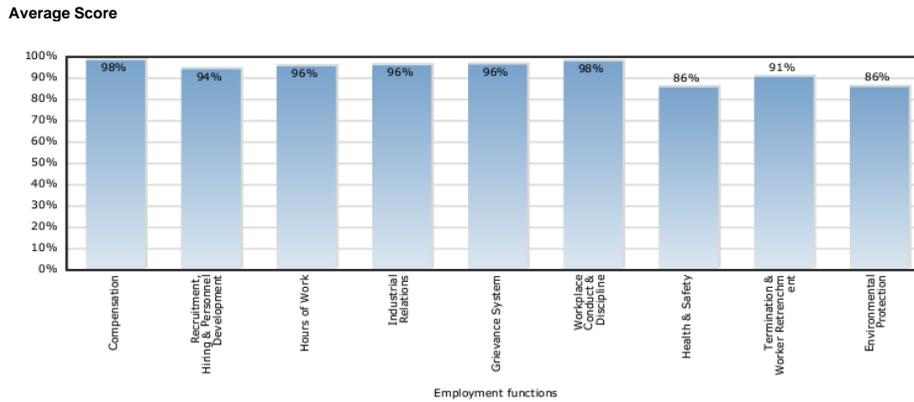
**Root causes**: a systemic failure within an employment function, resulting in a "finding." Findings are symptoms of underlying problems or "root causes." Consider, for example, the case of workers not wearing hearing protection equipment in a high noise area. The most expedient conclusion might be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

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

# Factory Profile

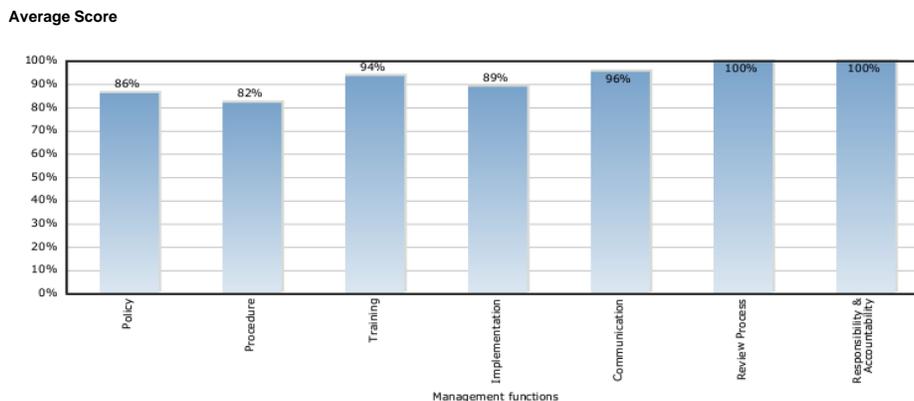
## Score by Employment Function

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



## Score by Management Function

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



## Score Summary

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

Management Functions	Recruitment, Hiring & Personnel Development	Compensation	Hours of Work	Industrial Relations	Grievance System	Workplace Conduct & Discipline	Termination & Worker Retrenchment	Health & Safety	Environmental Protection
Policy	84.75%	100%	100%	87.5%	72.73%	92.86%	76.92%	90%	100%
Procedure	91.38%	100%	77.78%	0%	100%	100%	71.43%	83.73%	45%
Responsibility & Accountability	100%	100%	100%	100%	100%	100%	100%	100%	100%
Review Process	100%	100%	100%	100%	100%	100%	100%	100%	100%
Training	96.43%	100%	100%	100%	100%	100%	100%	86.64%	66.67%
Implementation	94.26%	96.45%	94.59%	93.75%	100%	92.86%	100%	82.27%	78.79%
Communication	100%	100%	100%	100%	100%	100%	100%	90.63%	50%

## Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Number of Violations	Violations
Employment Relationship	2	Terms and Conditions/Communication Health, Safety, and Environmental Management System/Policies and Procedures
Harassment and Abuse	1	Discipline/Monetary Fines and Penalties
Health, Safety and Environment	10	General Compliance Health, Safety, and Environment Material Safety Data Sheets/Workers Access and Awareness Machinery Safety, Maintenance and Workers Training Proper Use of Machinery Ergonomics Sanitation in Workplace Facilities Drinking Water Evacuation Requirements and Procedure Safety Equipment and First Aid Training Chemical Management and Training

## Findings and Action Plans

### FINDING NO.1

### RECRUITMENT, HIRING & PERSONNEL DEVELOPMENT

**FINDING TYPE:** Sustainable Improvement Required

#### Finding Explanation

1. There are written policies and procedures on hiring and recruitment including promotion, demotion, and job reassignment, but not on personnel development.
2. Although there is a general training policy in place, the factory does not provide workers with adequate training regarding Recruitment, Hiring & Personnel Development.

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.29.1 and ER.30.1; Nondiscrimination Benchmark ND.2.1)

#### Root Causes

1. According to the managerial staff interviewed, Maxport has a comprehensive written policy on Recruitment, Hiring &

Personnel Development at the company level, which applies to all factories. However, this factory did not update its policy according to the company policies. There is a disconnect between factory management and company headquarters in terms of review and update of policy and procedures.

2. Neither factory nor HQ level internal audits have included a comprehensive review of the content of factory policies & procedures.
3. There is no system for managerial staff to review policies and procedures on a regular basis.

## FINDING NO.2

### COMPENSATION

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The factory does not have a procedure to pay severance allowance to resigned workers who had taken maternity leave and were not allowed to enroll in the unemployment insurance due to their pregnancy status during this period, violating local law.

##### Local Law or Code Requirement

Vietnam Labor Code, Article 48.2; FLA Workplace Code (Compensation Benchmarks C.1)

##### Root Causes

1. Factory management lacks awareness of local law requirements.
2. This issue has not been raised during previous external or internal audits.

##### Recommendations for Immediate Action

1. Ensure that workers are provided with the severance allowance, covering the time period when workers were not allowed to enroll in unemployment insurance due to maternity leave.

## FINDING NO.3

### WORKPLACE CONDUCT & DISCIPLINE

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. The factory has a procedure of imposing monetary deductions as a disciplinary measure, e.g., workers are deducted 50% or 100% of their Production Incentive Bonus when workers are breach certain workplace rules (e.g., playing games during work time).

##### Local Law or Code Requirement

##### Root Causes

1. The factory management does not have sufficient knowledge regarding the FLA Workplace Code & Benchmarks with respect to the use of monetary fines as a means to maintain labor discipline. Management interviews revealed that management thought the FLA limitation of monetary fines applied to base salary only, not incentive pay.
2. Local law does not prohibit bonus deductions as a form of disciplinary measure and it is a common practice throughout Vietnam

##### Recommendations for Immediate Action

1. Cease the practice of using monetary deductions as disciplinary action.

## FINDING NO.4

### INDUSTRIAL RELATIONS

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. The factory does not have written procedures on Industrial Relations and Freedom of Association.
2. The factory does not provide workers with a copy of the collective bargaining agreement (CBA).
3. The factory holds a dialogue meeting every three months between management representatives and union representatives. However, a worker conference to facilitate the election of worker representatives has not been held. As a result, no worker representatives have joined the dialogue meetings.

##### Local Law or Code Requirement

Decree No. 60/2013/ND-CP on dialogue at the workplace; FLA Workplace Code (Freedom of Association Benchmark FOA.1; Employment Relationship Benchmark ER.16)

##### Root Causes

1. The factory management and HR are unaware of the FLA requirements on Freedom of Association.
2. The factory started to develop dialogue procedures, which set specific criteria to select worker representatives; however, the factory is still in the process of organizing a workers' conference with the official election of worker representatives.
3. Since the CBA is posted, factory management did not think it necessary to provide workers with copies.
4. **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 unions] independent both of those which exist already and of any political party." Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association.

## FINDING NO.5

### GRIEVANCE SYSTEM

#### FINDING TYPE: Sustainable Improvement Required

##### Finding Explanation

1. The factory does not have written grievance procedures that enable workers to raise anonymous complaints and protect those workers who raise concerns against retaliation.
2. The factory has grievance channels in place, such as suggestion boxes, union representatives, an anonymous hotline, a contact email for complaints and suggestions, and detailed written procedures. However, interviews with workers revealed that most workers are aware of only the union channel.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

##### Root Causes

1. The factory management does not incorporate elements in its grievance system to ensure sustainability, such as training for managerial staff and workers, worker integration through elected worker representatives, communication to the general workforce, policy/procedure reviews, and accountability.
2. The factory management lacks awareness of the FLA Workplace Code and Benchmarks on the grievance system, and the importance of having a well-defined and functioning grievance system.
3. These issues have not been raised during previous external audits.

##### Recommendations for Immediate Action

## FINDING NO.6

### HEALTH, SAFETY & ENVIRONMENT

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. Although there are policies and procedures on environmental protection in place, the factory does not have efficient implementation measures to identify environmental factors and control and manage major environmental factors in a systematic way.
2. The factory conducts quarterly wastewater analysis, as per the environmental impact assessment (EIA) submitted to the government. However, there are no formal practices and procedures in place in case sample results exceed discharge limits. Test results show that the Biochemical Oxygen Demand (BOD5) reached the legal limit of 50 for four out of five recent tests, and Coliform reached the legal limit of 5000 for four out of five tests. Hence, the analysis concludes that based on the “high” results, the factory should modernize its wastewater treatment facility. In addition, the factory has taken steps to improve its wastewater treatment system in 2014; however, there are no test results showing the effectiveness of these measures. (Note: After the assessment, the factory outsourced the wastewater treatment to a private industrial contractor, but this does not absolve the factory from its responsibilities.)
3. The factory regularly tracks its energy and water usage (daily, weekly, and monthly); however, it does not have clear and effective procedures to conserve energy and water. Therefore, energy usage has grown significantly in 2014.
4. The factory has an inadequate waste management, which mixes hazardous and non-hazardous waste, including recyclable materials, violating local law—i.e., paper and fluorescent light bulbs, paper-plastic-fabric scrap stored together in production waste area.
5. The industrial waste area for recyclable materials is not accurately separated from other areas and correctly labeled. Furthermore, the industrial waste area does not have any ventilation and is not connected to the automatic fire alarm system.
6. Workers are not aware of, and involved in, environmental protection issues. Furthermore, the factory does not have procedures that enable workers to anonymously raise environmental concerns, and protect those workers who raise concerns from retaliation.
7. Although secondary containment is provided for most of the areas, there was no document available regarding calculation of their capacity.

##### Local Law or Code Requirement

Article 19 of Decree No. 59/2007/ND-CP on Solid waste Management; Law No. 55/2014/QH13 dated June 23, 2014 of the National Assembly on LAW on Environmental Protection; Circular No. 12/2011/ TT-BTNMT dated April 14, 2011 of the Ministry of Natural Resources and Environment stipulating hazardous waste management; Law No. 50/2010/QH12 dated June 28, 2010 of the National Assembly on Economical and Efficient Use of Energy; FLA Workplace Code (Employment Relationship Benchmark ER.31, Health, Safety & Environment Benchmarks HSE.1, HSE.4, and HSE.9)

##### Root Causes

1. The factory management is aware of, and working on environmental protection; however, there is no focus on implementing effective solutions and an efficient monitoring and evaluation system to close gaps.
2. The workers are not sufficiently involved in environmental protection. Hence, workers do not understand the importance of environmental protection.
3. The factory's top management the Health, Safety & Environment (HSE) and Corporate Social Responsibility (CSR) teams are understaffed and have multiple responsibilities.
4. There is not a detailed training plan for managerial staff to increase their knowledge and awareness on environmental issues.
5. There is not an effective internal audit process on HQ level, and benchmarking opportunities between group factories is limited.
6. The EHS committee is not actively involved in environment related issues.

##### Recommendations for Immediate Action

1. Separate hazardous waste from non-hazardous waste in solid waste areas.

## FINDING NO.7

### HEALTH & SAFETY

## **FINDING TYPE:** Immediate Action Required

### **Finding Explanation**

1. The factory has inadequate safety procedures and precautions for high-risk machines, e.g., the laser cutting machines (Class IV) do not have any safety interlock systems to prevent their operation with an open cover. In addition, there is not a system in place for conducting periodical dosimetric noise exposure measurements for ultrasonic welding machine operators.
2. Although there is a noise measurement device in place and EHS staff uses it for noise measurement, there is not a system in place for periodic calibration of this device; therefore, results are not reliable.
3. Hearing protectors (ear plugs) are provided only for ultrasonic welding machine operators but not for the operators working right next to this machine. The factory does not regularly conduct audiometric hearing tests for operators and workers that are potentially affected by the noise of the ultrasonic welding machines.
4. There is not an effective system in place for selection, review, and monitoring of the usage of Personnel Protection Equipment (PPE). Following issues were observed:
  - a. Protective glasses in laser section is in line with ANSI Z.87.1 standard, but there is another standard for laser safety, ANSI Z.136.1, and there was not any sign/label on PPE indicating they are in line with that standard.
  - b. In laser section workers were wearing two masks together –dust and carbon layered masks.
  - c. Some workers at sewing section were provided with dust masks, although there was not high dust concentration in the air and some other workers in that section were not using those masks.
5. Not all machines are equipped with proper guards, as legally required
6. Although illumination is generally good, especially for sewing machines, some problems were observed at quality control section as illumination equipment are not located at optimum position to provide adequate illumination for workers working at quality control tables.

### **Local Law or Code Requirement**

Vietnam Health and Safety Laws and Regulations. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.7, HSE.14, and HSE.15)

### **Root Causes**

1. The factory management and safety officers believe that the Health and Safety policies and procedures are in compliance with local safety regulations. Furthermore, managerial staff and safety officers said that workers are trained effectively on the standard operating procedures (SOP) regarding laser safety, which are also posted.
2. The factory does not properly conduct noise tests. In addition, a third party is hired to conduct some official tests. However, it is unclear how the third party conducts these tests, e.g., location, procedures and timeframe.
3. Safety officers do not see the need to follow up on audiometric tests for ultrasonic operators and eye tests for laser operators, monitoring possible adverse health impacts for these tasks.
4. Workers are not effectively engaged in Health, Safety & Environment procedures due to limited worker integration in this factory and throughout Vietnam.
5. HSE and CSR teams need further training and support as there is not a specific training program for this staff that covers international standards.
6. There is no active worker representation or participation on EHS committee. Nor is there a system for encouraging workers to actively participate in ongoing EHS efforts.
7. The risk analysis report does not cover all of the factory's risks and hazards and elected worker representatives do not participate in this process.
8. Training and internal monitoring systems are not very effective.
9. Most of the interviewed managerial staff mentioned that these issues had not been raised during previous external audits or internal audits by the FLA Affiliate's HQ.
10. Management is not well informed about the possible legal and financial consequences of work accidents and occupational diseases.
11. The management lacks awareness of FLA's Code and Benchmarks and international standards.

### **Recommendations for Immediate Action**

1. Provide adequate protection to workers working in high-risk areas.
2. Regularly monitor risk factors and effectiveness of safety protections for workers. Immediately improve safety measures if detected.
3. Ensure all machines have proper guards.

## **FINDING NO.8**

## **HEALTH & SAFETY**

## **FINDING TYPE: Immediate Action Required**

### **Finding Explanation**

1. The factory did not update its fire plans in accordance with Decree 79/2014, as per last fire inspection dated Oct 6, 2014.
2. Some exit paths between factory buildings are planted with trees and too narrow for an easy evacuation of a large number of people and to provide easy access for fire fighters with their vehicles and equipment.
3. The factory has an emergency assembly area inside a building instead of outdoors. In addition, the factory does not have an evacuation plan for the canteen.
4. There are no gas detectors or heat sensors at the Liquefied Petroleum Gas (LPG) storage areas. There is no automatic fire alarm or fire-fighting system in the chemical storage room. Also, there was no specific study carried out by EHS staff to make sure that proper fire fighting equipment is provided for areas with different fire type risks e.g., chemical storage area, waste storage areas.
5. Fire water pipes located outdoors are not painted and hydrant keys are not chained on hydrants.
6. No emergency light/torch is provided near the fire pump.
7. One emergency illumination equipment, number 110, was not operational.

### **Local Law or Code Requirement**

Circular 11/2014/TT-BCA; Law No. 27/2001/QH10 dated July 12, 2001 of the National Assembly on fire prevention and fighting; Law No. 40/2013/QH13 dated November 22, 2013 of the National Assembly amending and adding a number of articles of the LAW on fire prevention and fighting; Decree No. 79/2014/ND-CP dated July 31, 2014 of the Government guidelines for the LAW on Fire safety and firefighting and the LAW on amendments to the LAW on fire safety and firefighting; Circular No. 66/2014/TT-BCA dated December 16, 2014 of the Ministry of Public Security on detailing the implementation of a number of articles of the Decree No. 79/2014/ND-CP dated July 31, 2014 detailing the implementation of a number of articles of the LAW on fire prevention and fighting and the LAW on amendments and supplements to the number of articles of the LAW on fire prevention and fighting; TCVN 2622-1995 Fire prevention and protection for buildings and structures – Design requirements; TCVN 3890-2009 Fire protection equipment for building and construction – providing, installation, inspection, maintenance; TCVN 7435-1 Fire protection – Portable and wheeled fire extinguishers - Part 1: Selection and Installation; TCVN 7435-2 Fire protection- Portable and wheeled fire extinguishers - Part 2: Inspection and maintenance; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, and HSE.6)

### **Root Causes**

1. The Health, Safety & Environment (HSE) and Corporate Social Responsibility (CSR) teams are understaffed and have multiple responsibilities.
2. The design of the factory is in some aspects based on aesthetics rather than functionality, e.g., the glass walls in the chemical storage room and the waste area.
3. Workers are not effectively engaged in HSE procedures due to limited worker integration in this factory and throughout Vietnam. There is no active worker representation or participation on EHS committee. Nor is there a system for encouraging workers to actively participate in ongoing EHS efforts.
4. HSE and CSR teams need further training and support, as there is not a specific training program for this staff that covers international standards.
5. The risk analysis report does not cover all of the factory's risks and hazards and elected worker representatives do not participate in this process.
6. Training and internal monitoring systems are not effective.
7. Most of the interviewed managerial staff mentioned that these issues had not been raised during previous external audits or internal audits by the FLA affiliated company's HQ.
8. Management is not well informed about the possible legal and financial consequences of work accidents and occupational diseases.
9. The management lacks awareness of FLA's Code and Benchmarks and international standards.

### **Recommendations for Immediate Action**

1. Review exit paths between the factory buildings. Ensure easy evacuation of a large number of people, and access for fire fighting teams with their vehicles and equipment.
2. Relocate emergency assembly areas to an open area. Establish an evacuation plan for workers, in case of a fire in the canteen.
3. Install gas detectors or heat sensors at the LPG storage areas. Connect the chemical storage room to the automatic fire alarm or fire-fighting system.
4. Ensure and monitor proper fire fighting equipment in all work areas with respect to fire type in that particular section.

## **FINDING NO.9**

## **HEALTH & SAFETY**

## **FINDING TYPE: Immediate Action Required**

### **Finding Explanation**

1. The heat in the factory reached the legal limit of 32°C from June to August 2014. The additional high humidity during these months worsened the situation for workers and the ventilation system was inadequate to cope with this heat. Furthermore, although winters are cold and often rainy, workers are not allowed to wear sweaters or jackets, as these would cover their uniforms. Hence, they often get wet during rain days due to uncovered walkways.
2. The factory uses several chemicals for spot cleaning, which are found in the accessories warehouse but not in the chemical warehouse. Furthermore, at least three types of spray spot lifters do not have any warnings labels.
3. The chemical warehouse does not keep material safety data sheets (MSDS) for all chemicals and there is no ventilation. Workers do not have complete unrestricted access to MSDS in the storage and production areas.
4. The factory does not have signs with loading limits and “Goods Only” signs at the upper entrance to the elevator in the material warehouse. In addition, the elevator permit had expired.
5. The moveable stairs used for reaching upper shelves in the warehouse is designed for one person only; however, fabric rolls are too heavy to be safely lifted and moved from these racks by one person alone. In addition, the factory provides workers with inadequate training on proper lifting techniques.
6. The factory does not have the legally required structural drawings, engineering calculations and approvals regarding the loading capacity of mezzanine in the material warehouse.
7. The factory has an adequate safety committee, which regularly meets and maintains minutes and records. However, the factory management dominates the safety committee with little input from production line workers. Hence, it is ineffective in finding comprehensive solutions to issues.
8. There is no effective reporting system that allows workers to raise HSE related concerns and protect those workers who raise concerns.
9. The operators using table saws do not receive sufficient training on safety guarding and correct blade protection.
10. The factory does not bolt compressed air tanks into concrete beds for safety and stability. In addition, the air tanks are located too close to the glass walls of the factory buildings, increasing injury risks in case of an explosion.
11. The factory does not mark manometers of the pressure vessels with clear safety limits. Furthermore, the old water boiler has an open uncovered water tank, increasing the risk of falling and drowning.
12. Compressed air leakage was observed on valve at compressor station.
13. Tape-fixed exhaust pipes were observed at many sections of the factory, this reduces the effectiveness of exhaust system and effects indoor air quality. Furthermore, some of these pipes were blinded by tape instead of a proper cover.

### **Local Law or Code Requirement**

Vietnam Health and Safety Laws and Regulations; FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.10, and HSE.17)

### **Root Causes**

The Health, Safety & Environment (HSE) and Corporate Social Responsibility (CSR) teams are understaffed and have multiple responsibilities.

The factory conducts detailed risk assessments, covering HSE and fire safety. However, the factory management lists some risks as low, although they should be deemed high, i.e., the need of noise reduction and hearing protection regarding ultrasonic and embroidery machines.

HSE and CSR teams need further training and support, as there is not a specific training program for this staff that covers international standards.

The factory does not sufficiently engage the general workforce in Health, Safety & Environment (HSE) procedures due to limited worker integration in the factory and throughout Vietnam. There is no active worker representation or participation on EHS committee. Nor is there a system for encouraging workers to actively participate in ongoing EHS efforts.

The design of the factory is in some aspects based on aesthetics rather than functionality, e.g., the glass walls in the chemical storage room and the waste area.

The risk analysis report does not cover all of the factory's risks and hazards and elected worker representatives do not participate in this process.

Training and internal monitoring systems are not effective.

Most of the interviewed managerial staff mentioned that these issues had not been raised during previous external audits or internal audits by the FLA affiliated company's HQ.

Management is not well informed about the possible legal and financial consequences of work accidents and occupational diseases.

The management lacks awareness of FLA's Code and Benchmarks and international standards.

### **Recommendations for Immediate Action**

1. Ensure all chemicals are accurately labeled and securely stored in a well-ventilated area.
2. Update elevator permits as legally required and post loading limits and warning signs at all entrances.
3. Install a protective barrier between air tanks and glass walls. In addition, bolt compressed air tanks into concrete beds for safety and stability.
4. Accurately mark manometers at pressure vessels with clear safety limits. Maintain and monitor safety vents of the air tanks on a periodical basis.

5. Cover the water tank of the old water boiler.
6. Provide the legally required structural drawings, engineering calculations and approvals regarding the loading capacity of mezzanine in the material warehouse.

## FINDING NO.10

### HEALTH & SAFETY

#### FINDING TYPE: Immediate Action Required

##### Finding Explanation

1. Food samples are kept for 24 hrs. per local law requirements, but the international standard is 48 to 72 hrs.
2. Chopping boards are not properly cleaned, sanitized and dried, especially those used for meat and there is no separation of chopping boards for different kind of meat (red meat, chicken, fish).
3. The factory purifies its own water and provides workers with a Polyethylene Terephthalate (PET) bottle for their monthly use. However, workers do not properly clean the bottles, potentially exposing them to contamination risks. e.g., high dust concentration areas.
4. Some water cups at drinking water dispensers were used communally.

##### Local Law or Code Requirement

Vietnam Health and Safety Laws and Regulations. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5, HSE.19, and HSE.23)

##### Root Causes

1. HSE and CSR teams need further training and support as there is not a specific training program for this staff that covers international standards.
2. The factory does not sufficiently engage the general workforce in Health, Safety & Environment (HSE) procedures due to limited worker integration in the factory and throughout Vietnam. There is no active worker representation or participation on EHS committee. Nor is there a system for encouraging workers to actively participate in ongoing EHS efforts.
3. The risk analysis report does not cover all of the factory's risks and hazards and elected worker representatives do not participate in this process.
4. Training and internal monitoring systems are not effective.
5. Most of the interviewed managerial staff mentioned that these issues had not been raised during previous external audits or internal audits by the FLA affiliated company's HQ.
6. Management is not well informed about the possible legal and financial consequences of work accidents and occupational diseases.
7. The management lacks awareness of FLA's Code and Benchmarks and international standards.

##### Recommendations for Immediate Action

1. Ensure workers in the canteen properly sanitize chopping boards.
2. PET water bottles are not suitable for continuous use so train workers on cleaning measures regarding PET water bottles and increase the frequency of distribution of PET water bottles to the workers –at least twice a month, or weekly if possible. From an environmental perspective, it is recommended factory management distribute re-usable bottles made of suitable material instead.

## FINDING NO.11

### WORKER INTEGRATION (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 decision-making processes.

**Local Law or Code Requirement**

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

**Root Causes**

1. The factory lacks awareness of the FLA Code and Compliance Benchmarks on Worker Integration or how to consult and include workers in decision-making.