

FLA Audit Profile	
Factory Code	090384807G
Country	Vietnam
FLA Affiliate	Nike, Patagonia, Eddie Bauer
Monitor	Global Standards
Audit Date	August 27-28, 2008
Products	Apparel
Processes	Cutting - sewing – finishing
Number of Workers	4,790



**FAIR LABOR**  
ASSOCIATION™

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## Freedom of Association: X. Rights of Minority Unions and their Members

FOA.24 Trade unions not recognized as a bargaining agent of some or all of the workers in a facility shall have the means for defending the occupational interests of their members, including making representations on their behalf and representing them in cases of individual grievances, within limits established by applicable law. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/21/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that "the rights of workers to establish organizations of their own choosing implies . . . the effective possibility of forming . . . [trade unions] independent both of those which exist already and of any political party." Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association.

**Plan Of Action:** PCs acknowledge that labor relations in Vietnam do not meet core ILO standards due to the maturity level of their industrial relations. We acknowledge a long-term, joint advocacy effort is needed to enable better labor relations in Vietnam. PCs are engaged with a number of global organizations, trade unions, non-governmental organizations and multi-stakeholder initiatives to raise awareness and good labor practices.

**Deadline Date:**

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Freedom of Association: ZB. Other - Freedom of Association and Collective Bargaining

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/21/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Monitors interviewed the Union Leader who confirmed that every worker

signed application and volunteer to join the Union. However Monitors reviewed the Union application forms of some workers in July and found that only worker representative, i.e. line supervisor signed on the application, then workers signed a separate list attached.

**Plan Of Action:**

**Deadline Date:**

**Supplier CAP:** Factory Response - November 17 As per guideline from Labor federation, there are 2 formats that can be used for worker to joining Trade Union. One format is filled up by individual worker and the other is used for group of worker to make convenient for TU and employee. We are using 2nd format. However, we will use individual signed format according to your recommendation.

**Supplier CAP Date:** 09/25/2008

**Action Taken:** New forms are made for individual workers. As it is newly made, no new worker was registered yet but it will be used when new workers want to join. PC will keep follow up with factory to confirm the new form was in used.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Miscellaneous: A. Code Awareness

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/21/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** Factory has strong and detailed training programs and materials for management and staff, but limited training for workers. Some new workers (Line 7, Factory 3) have not yet received orientation training as per factory's plan.

**Plan Of Action:** Factory management reviewed the audit report with Eddie Bauer staff and responded to the issue. Corrective action - Factory management shall establish a clear policy and procedure for training workers on factory code of conduct, local labor laws and inform workers that codes of conducts for all the brands that manufacture at the factory. Training should take place upon initial hiring, then refresher trainings provided on an annual basis.

**Deadline Date:**

**Supplier CAP:** Organize training for untrained people. From now on, newly joined employees will be trained within 10 days after their joining date.

**Supplier CAP Date:** 09/25/2008

**Action Taken:** Orientation training is provided for all workers. For Line 7 of factory 3, training is conducted on September 12, 2008. Training log book was provided for review which indicated training content and date of training with employee signatures. Reported by - Eddie Bauer

**Plan Complete:**

**Plan Complete Date:** 09/25/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/21/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to the walk through and Management interview, the PCs (Participating Companies) have not created a secure noncompliance reporting channel in the factory for workers to use.

**Plan Of Action:** Eddie Bauer poster with regional contact number and email address for workers report non-compliance issue in local language will send to factory soon. Patagonia has an email address on its code of conduct posters where workers are encouraged to email concerns in their local language.

**Deadline Date:**

**Supplier CAP:** Waiting for Eddie Bauer poster. After receiving Eddie Bauer poster with regional contact number and email address, we will display at working area.

**Supplier CAP Date:** 12/17/2008

**Action Taken:** PCs objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by PCs in employee grievances should be considered a last resort. In alignment with this objective to strengthen contract manufacturers' internal grievance processes, PCs work with manufacturing partners to build an effective grievance process. The factory has many channels for workers to raise concerns: suggestion box, hotline, and meetings. Workers can submit a letter to suggestion box or make a call to CR team, Trade Union, and/or Human Resources Department for any concerns. In addition, PCs Compliance staff spends time listening to factory employees during one-on-one confidential interviews during audits. As a last resort, each PC has contact information posted in the factory ranging from e-mail address, direct phone number, and hotline.

**Plan Complete:**

**Plan Complete Date:** 04/22/2009

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## **Safety & Health: A. General Compliance Health and Safety**

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

<b>Audit Date</b>	<b>Audit Type</b>	<b>Audit Scope</b>	<b>Auditor</b>	<b>Score</b>
07/21/2008	External	FLA	Global	1 (out of 5)

Independent Standards  
External  
Monitoring

**Explanation:** 1/ According to records review and management interview, the fire drill with the fire department has not been conducted annually since 2006 in violation of Circular No. 04/2004/TT-BCA. Next one is scheduled for November 2008. 2/ According to record review, Government environment inspection from April 2008 found waste water was over the limit for 4 contaminants and fined the company 20M VND. Fine was paid but corrective action to treat waste water is still pending.

**Plan Of Action:** 1. Factory shall develop a policy and procedure for routinely conducting all Health and Safety inspections including fire drills. Organization of drills shall be assigned to a specific person who is also in charge of recording drills, who was trained and documenting the process. In addition this person should be responsible for reviewing the process and making improvements to the process where applicable. 2. Factory should have in place an environmental management system. Where the factory is continuously monitoring itself to ensure that environmental impacts are mitigated.

**Deadline Date:**

**Supplier CAP:** 1. A fire drill with fire department was conducted on August 25-26, 2008. Fire drill record and pictures were provided for review. It is pending for factory to response on why relevant document was not able to present during the IEM audit. 2. New certificate from government is approved for waste water disposal which indicate the corrective action were taken by factory and was approved by the government. Reported by Eddie Bauer

**Supplier CAP Date:** 10/15/2008

**Action Taken:** 1. Fire equipment training was conducted on Aug 25th, 26th, 28th and fire drill was performed on Nov 13th with fire department. Fire drill schedule will be held on this Nov 25 with fire department. 2. Sub-contractor already repaired the drainage system to solve that problem by their expense. Done September 20, 2008 Attached CAP with pictures of completed drain.

**Plan Complete:**

**Plan Complete Date:** 09/25/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:** Factory has many meetings internally to ensure all departments understand local laws, regulations and procedures concerning health and safety. And everyone are trained (update from factory)

## Safety & Health: H. Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/21/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to records review, factory has not obtained certificate for generating and disposing of hazardous wastes as per Environmental Protection Law No 52/2005/QH11.

**Plan Of Action:** Factory shall have a procedure for assessing all required documents for

operation. A person shall be assigned to ensure that the company has valid permits, certificates and licenses.

**Deadline Date:**

**Supplier CAP:** Admin already obtained the certificate for generating and disposing of hazardous wastes as per Environmental Protection Law No 52/2005/QH11.

**Supplier CAP Date:**

**Action Taken:** Inspection was done on July 15 and certificate was approved on August 1, 2008. Reported by Eddie Bauer. Copy of certificate attached in document marked "FLA CAP Nov 24"

**Plan Complete:**

**Plan Complete Date:** 09/25/2008

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## Safety & Health: K. Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/21/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to the walk through, Screen printing room in factory 3 lacks adequate ventilation and safety measures for safe handling of chemicals. Mixing room lacks proper exhaust ventilation. Some workers use carbon masks, while others use cotton masks. Solvent smell is strong and no testing has been done for chemicals (VOC).

**Plan Of Action:** Factory shall establish a policy for health and safety. From this the factory shall appoint responsible people for ensuring that the procedures around this policy are followed. In this case, there needs to be an assessment of the environmental and health impacts to workers in the mixing room. (Checking on the chemicals being used) After the assessment, the proper ventilation shall be put into place. And workers given and trained on the correct protective equipment.

**Deadline Date:**

**Supplier CAP:** "1.Factory has a plan to move Printing room to other place to reduce chemical smell and enhance the ventilation system on January, week 2, 2009 2. ESH team regular check and make sure that employee fully uses carbon mask"

**Supplier CAP Date:** 10/30/2008

**Action Taken:** Carbon masks are currently being used by employees. However ventilation is not adequate. Report by Eddie Bauer. Photo included in Factory update document Oct 13, 2008 1. Organize meeting with concern people to remind again safety regulation 2. Already informed to use the sticker to verify chemical and prohibited one by CR#Team. 3. ESH Team will inform it again and strictly inspect the situation. 4. Violation cases will be strongly punished by factory regulation.

**Plan Complete:**

**Plan Complete Date:** 01/30/2009

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:** 1. Factory already moved Printing room to other place (at second floor of factory 1). And enhance the ventilation system since end of January, 2009  
2. All Printing workers fully used carbon masks. (update from factory)

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## Safety & Health: M. Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/21/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to the walk through, QA Workers on production lines are using solvents from unlabeled bottles for spot cleaning. Sometimes cleaning solvents are placed in bottles marked "soap." Factory has policies on labeling and safe handling of chemicals, but fails to follow them. Chemicals in use include SuperKleen 580c (aka Hydrocarbon, Xanh), Everblum Gold Cleaning Fluid (aka Do) and Sprayway spot lifter. Workers handling chemicals lack awareness in safe handling of chemicals.

**Plan Of Action:** Factory management shall review its procedures for implementing its policy on chemical management. Workers and supervisors must be trained on the proper handling of chemicals. The factory must provide the ideal situation for chemical use - including proper ventilation and protective equipment. Workers should demonstrate their understanding of the training through a quiz or demonstration to ensure that they will continue to handle chemicals correctly.

**Deadline Date:**

**Supplier CAP:** "1. Organize meeting with concern people to remind again safety regulation on Sep 5th. 2. Already informed to use the sticker to verify chemical and prohibited one by CR Team. 3. ESH Team will remind workers frequently and thoroughly inspect the situation. 4. Violation cases will be address through the internal disciplinary procedure."

**Supplier CAP Date:** 10/30/2008

**Action Taken:** Chemical properly labeled. Still the need for the factory to arrange a chemical handling training to all workers to increase the awareness of chemical safety. Report by Eddie Bauer. Photo included in Factory update document Oct 13, 2008

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## Safety & Health: Q. Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
07/21/2008	External	FLA Independent External Monitoring	Global Standards	1 (out of 5)

**Explanation:** According to the records review, Working Environment test for 2007, covering most all production lines, found 49/77 (63.6%) samples over the limit for dust particles. Testing for 2008 only tested 7 samples, finding 1 over the limit in Factory 1 down stuffing area. Temperature testing (6 samples) on May 12 was within limits. However, according to the walk through, Monitors noted temperature was hot and there was little ventilation on the production lines. Thermometer in the factory read 33oC in the afternoon and temperature records from factory 4 showed temperature in excess of 30oC most days this month. According to records review, records show no lightning protection installed or tested to cover second canteen and material warehouse buildings.

**Plan Of Action:** Factory shall continuous review work spaces to ensure cleanliness and take steps to make improvements where applicable. In this case, the factory shall review the cause of the dust and work to reduce dust exposure to workers. Factory management shall identify the key times of year where temperature can pose a problem to workers and be outside the allowable limits. Then the factory should implement practices that provide better working conditions, this may include heating in the winter and cooling in the summer. Factory shall review the lighting protection in both the canteen and the material warehouse building and install the correct protection.

**Deadline Date:**

**Supplier CAP:** As it is autumn during the audit, the weather is rainy and cool, therefore the temperature is fine. It is still dusty on work floor, and the factory should provide mask to all employees. Documents for lightning protection are still missing, and the factory claim will provide later. Report by – Auditor: Eddie Bauer.

**Supplier CAP Date:** 10/30/2008

**Action Taken:** Factory already received lightening system certificate from Fire Police Department on Oct 14th, 2008. The reason of dust is lack of control of down garment. Factory will train to worker make sure that down garment must be clean before going to production. As per result of working environment inspection, dust situation has been improved and meet with standard. (update from factory)

**Plan Complete:**

**Plan Complete Date:** 04/22/2009

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## Safety & Health: V. Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
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07/21/2008 External FLA  
Independent External Global  
Monitoring Standards 1 (out of 5)

**Explanation:** According to the walk through, housekeeping needs to be improved. In particular, products and materials placed right next to or in front of electrical panels and controls or blocking fire fighting equipment.

**Plan Of Action:** Factory management shall develop a sustainable solution to ensuring that work spaces are kept clean and clear from obstruction, for worker safety and for emergency exits. Training should be provided to supervisors and workers and supervisors should be measured on the effectiveness of implementing this policy.

**Deadline Date:**

**Supplier CAP:** Housekeeping is improved and no blocking is detected. Periodical check on the pathway should be scheduled by the factory. Report by - Auditor: Eddie Bauer.

**Supplier CAP Date:** 10/30/2008

**Action Taken:** Factory management has organized meeting with Production ESH daily inspects pr-floor and report to concerned department for improvement and taking action. Chief of sections regularly remind workers to follow safety regulations. Factory is keeping clean and safe working environment. (update from factory)

**Plan Complete:**

**Plan Complete Date:** 04/22/2009

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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