



Factory Compliance Findings Report

FACTORY INFORMATION

General Information

Factory Name	
Supply Chain Intermediaries	
Strategic Factory (CD2)	
TRAC Issue Date (CD6)	
TRAC Number (CD7)	

Basic information

Other Names	
FFC Id	
Street	
City/Town	
Province/State	
Country	
Postal Code	
Phone	
Private Contacts	

Assessment Information

Assessment Date	24 Apr 2019
Assessment Purpose	Initial Audit
Auditor	VF Corporation

Executive Summary

254903	Assessment Closing Comments	The printing supplier factory has completed their Initial Audit for brands/coalitions: VF ASO Vans Apparel & Equip - Vans on April 24th, 2019. The resulting designation is set at Rejected 1 due to critical issues in: the dormitory of management located at the same building
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		with the production process. and major issues in: improper management of labor contracts, low level on social insurance contribution, inadequate annual leaves for workers in heavy and hazardous job, inadequate compensation for idle time, monetary deduction as a disciplinary practice, payroll records were kept less than 12 months, no in/out time on working records, no mandated health check for all workers, no first aid team set up, insufficient secondary containment for chemical containers, lack of contingency plans for dealing with serious injuries, no fire drill conduction, no fire-fighting team set up as required by law, lack of Safety Food certificate of the catering food supplier and potential electrical hazards. With the Rejected designation, the factory is not approved for VF branded production. Audit Findings were communicated in the closing meeting
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Designation : Rejected - 1

FINDINGS AND REMEDIATION ISSUES

Legal Compliance - Licensing and Permits

Issue type	Legal Compliance
Subheader	Licensing and Permits
Company Guidelines	P1-2 M The facility must maintain all relevant personnel documents and that such documents are completed, properly filled out, and up to date.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: Through the labor contracts review, it was noted that there were 35 out of 65 workers signed the temporary labor contract instead of definite or indefinite contract at least 12 months after completion of probation period. The temporary labor contract was signed every 3 months. It was noted some workers signed a temporary contract from Jun 2018 until now. [Legal requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 May 2019
Corrective/Preventive Action	1) Adopt written and posted policy of labor contract management by signing the labor contract upon completion of probation contracts. -----2) Communicate policy and handling procedures to human resource management and staffs. -----3) Provide orientation to new employee during employment and regular employees upon completion of probation with documented records.
Responsible Person	
Photo(s)	

Wages & Benefits - Benefits

Issue type	Wages & Benefits
Subheader	Benefits
Company Guidelines	P4-2 C The facility must provide legally mandated associate benefits and services.
Details of Failure Found (Explanation)	1)Apr 24, 2019 [Initial audit]: Through the payrolls review, only 46% of total workers had applied and contributed Social, Health and Unemployment insurance. These workers were signed definite labor contract. [Legal requirement] [Moderate 1] ====2)Apr 24, 2019 [Initial audit]: It was noted that the workers who worked in heavy and hazardous jobs (exposed with chemical, worked in the noisy area) only received 12 days of annual leave per year instead of 14 days per year as the law required. [Legal requirement] [Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 May 2019

Corrective/Preventive Action	1)The factory must apply and contribute Social, Health and Unemployment insurance for all workers upon completion probation period as required by law. -----2) The factory must review and revise annual leave policy for the workers who worked in heavy and hazardous jobs. Assign the person in charge to monitor compliance and labor law update and update policy/procedure accordingly.
Responsible Person	
Photo(s)	

Wages & Benefits - Wage Payment

Issue type	Wages & Benefits
Subheader	Wage Payment
Company Guidelines	[P4-1 C] The facility must compensate their associates fairly by providing compensation packages and benefits that, at the very least, comply with legally mandated minimum standards or the prevailing industry wage.
Details of Failure Found (Explanation)	1)Apr 24, 2019 [Initial audit]: It was noted the factory set up the policy to pay 70% salary for the workers during an idle time period instead of compensate at 100% of the contract wage. [Legal requirement] [Moderate 1] =====2)Apr 24, 2019 [Initial audit]: Through the payroll review, it was noted that the factory applied the monetary deduction as a disciplinary practice as follows: 200,000 VND/ time for the defect products deduction and 300,000 VND/day for taking leave without permission. [Legal requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 May 2019
Corrective/Preventive Action	1) The factory must compensate the workers during idle time period at 100% as required by law. -----2)The facility must ensure that deductions, where legal, are reasonable, appropriate, and voluntary when related to services such as accommodation, transportation, and food. The facility may not use monetary fines as a disciplinary practice. Assign the person in charge to monitor compliance and labor law update and update policy/procedure accordingly.
Responsible Person	
Photo(s)	

Wages & Benefits - Record Keeping

Issue type	Wages & Benefits
Subheader	Record Keeping
Company Guidelines	[P4-7 M] The facility must produce and retain payroll records and time records to support compensation for the period required by law.
Details of Failure Found (Explanation)	1)Apr 24, 2019 [Initial audit]: Through the payroll record review, it was noted that the factory started to operate the business in Jun 2018. Thus, the payroll was available only for 10 months from Jun 2018 to Mar 2019. It was less than 12 months of payroll records

	available for review. [VF requirement] [Moderate 1] ====2)Apr 24, 2019 [Initial audit]: Through the time record reviewing, the factory could provide only total daily working hour record which was not included time in/out for all workers for time attendance from the establish day until the audit day. [VF requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 May 2019
Corrective/Preventive Action	1)The factory shall set up policy/procedure to ensure that raw data, including production records, for the payroll calculations, must be maintained for at least 12 months, or the legal duration whichever is higher. ----2) The factory must set up a reliable working hour record system to reflect the actual working hour of each worker including daily time in/out.
Responsible Person	
Photo(s)	

Freedom of Association & Collective Bargaining - Legal Responsibilities

Issue type	Freedom of Association & Collective Bargaining
Subheader	Legal Responsibilities
Company Guidelines	[P6-1 Mi] The facility must have and communicate information on local and national laws and regulations regarding Freedom of Association and Collective Bargaining.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: There was no CBA (Collective Bargaining Agreement) available in the factory. According to the Labor Law, the Labor Union should negotiate with the factory to set up a CBA. [Legal requirement]
Violation Severity Level	LOW
Target Date (Deadline Date)	24 May 2019
Corrective/Preventive Action	The factory should set up a Collective Bargain Agreement to comply with the Labor Law.
Responsible Person	
Photo(s)	

Freedom of Association & Collective Bargaining - Grievance Procedure

Issue type	Freedom of Association & Collective Bargaining
Subheader	Grievance Procedure
Company Guidelines	[P6-3 Mi] The facility must have a mechanism in place to receive and respond to associate grievances.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: There was no mechanism in place to receive and respond to worker grievances. [VF requirement]

Violation Severity Level	LOW
Target Date (Deadline Date)	24 May 2019
Corrective/Preventive Action	1) The factory should have processes in place address worker grievances (suggestion box, open door policy, communications committee, etc.). It should be posted nearby suggestion boxes. ---2) Provide training for all employees according to keeps record for reference.
Responsible Person	
Photo(s)	

Health & Safety - Safety Program and Training

Issue type	Health & Safety
Subheader	Safety Program and Training
Company Guidelines	[P7-1 M] The facility must have an effective written and posted Health and Safety program that complies with all health/building/electrical/fire safety requirements, has a Health & Safety Committee that includes facility associates and management, which conducts regular meetings, keeps meeting minutes, and is in accordance with local law.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: It was noted the factory had not conducted health check for all workers as required by law. [Legal requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 Jul 2019
Corrective/Preventive Action	1)The factory must provide health check for all employees at least once per year as required by law. -----2) Maintain the health check record of workers. -----3) Assign one responsible person to follow up status with record.
Responsible Person	
Photo(s)	

Issue type	Health & Safety
Subheader	Safety Program and Training
Company Guidelines	[P7-2 M] The facility must ensure all personnel have been trained on health and safety issues.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: It was noted that the factory had not set up the first aid team in place. [Legal requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 Jul 2019

Corrective/Preventive Action	Set up policy/procedure to ensure that the formal 1st Aid training is required for 1% of the facility personnel for all working shifts. (both male and female). Training and certification through an agency such as the Red Cross must be obtained, and refresher courses repeated at recommended intervals. Set up the Health and Safety annual plan and follow-up for implementing on time.
Responsible Person	
Photo(s)	
Issue type	Health & Safety
Subheader	Safety Program and Training
Company Guidelines	[P7-6 M] The facility must have a hazardous materials communication procedures and an effective chemical safety program.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: It was observed no secondary container for the liquid chemical in the chemical mixing room, the chemical storage, and hazardous waste storage. [VF requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 Jul 2019
Corrective/Preventive Action	1)The factory must provide secondary containment for all chemical containers in chemical mixing room, the chemical storage, and hazardous waste storage. Secondary containment of hazardous chemicals must be utilized in the facility. The size of the containment must be as follows: for a single container, the size of secondary containment must be 110% of the container; for multiple containers, the size of the secondary containment must be 10% of the total volume of all the containers or 110% of a single container - whichever is greater; the secondary containment must not have any cracks or leaks; all drainage valves must be maintained in closed position. ----2) Assign a person who monitors the implementation for chemical safety compliance in the production.
Responsible Person	
Photo(s)	

Health & Safety - Accidents and First Aid

Issue type	Health & Safety
Subheader	Accidents and First Aid
Company Guidelines	[P7-4 M] The facility must have a contingency plan for dealing with serious injuries, including accident investigation procedures.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: It was noted the factory had not set up the contingency plans for dealing with serious injuries, including accident investigation procedures. [VF requirement][Moderate 1]
Violation Severity Level	MODERATE

Target Date (Deadline Date)	24 Jul 2019
Corrective/Preventive Action	The factory must set up the contingency plans for dealing with serious injuries, including accident investigation procedures. The facility must maintain a written injury and accident investigation procedure along with records of accident investigations. The facility management must be knowledgeable of where the nearest medical clinic is located and have a procedure in place for safely transporting associates in an emergency. This process must cover all working shifts. Emergency telephone numbers must be prominently located by each telephone.
Responsible Person	
Photo(s)	

Health & Safety - Emergency Evacuation

Issue type	Health & Safety
Subheader	Emergency Evacuation
Company Guidelines	[P7-9 M] The facility must conduct fire/emergency evacuation drills at least every six months or legal standard whichever is higher. Records indicating date and details of such drills must be maintained.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: It was noted the factory had not conduct any fire drill from the establish day until now. [VF requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 Jul 2019
Corrective/Preventive Action	The factory shall set up procedure to ensure to conduct fire drill for the firefighting team and all employees once in every 6 months and maintain detailed record including date, dated photos, evacuation minute count, and participant list.
Responsible Person	
Photo(s)	

Issue type	Health & Safety
Subheader	Emergency Evacuation
Company Guidelines	[P7-13 M] The facility must have the appropriate number and class of fire extinguishers installed without obstruction; extinguishers must be regularly inspected and noted with inspection date on the hang tags.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: It was noted that the factory had not set up the onsite fire-fighting team as required by legal requirement. [Legal requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 Jul 2019

Corrective/Preventive Action	The factory must set up an onsite fire-fighting team as required by legal requirement. The fire-fighting team must be trained and certified by the fire police annually. The factory should ensure the members of the fire-fighting team ready at all working shifts.
Responsible Person	
Photo(s)	

Health & Safety - Cafeteria / Dormitory Safety

Issue type	Health & Safety
Subheader	Cafeteria / Dormitory Safety
Company Guidelines	P7-24 M The facility must provide clean and sanitary canteen/dining facilities.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: It was noted that the factory did not get Safety Food certificate of the catering food supplier as required by law. [Legal requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 Jul 2019
Corrective/Preventive Action	The factory must contact to the catering food supplier to provide Safety Food certificate. Assign the person to monitor the progress of improvement of food supplier to ensure healthy & sanitary food for all employees.
Responsible Person	
Photo(s)	

Health & Safety - Structural / Electrical Safety

Issue type	Health & Safety
Subheader	Structural / Electrical Safety
Company Guidelines	P7-17 C The facility must be free of electrical hazards.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: Through the factory tour, the systematic electrical safety hazards were found as follows: 1) no insulation board for electrical panels, 2) no fence surrounding the electrical transformer which located on the exit way. [VF requirement][Moderate 1]
Violation Severity Level	MODERATE
Target Date (Deadline Date)	24 Jul 2019
Corrective/Preventive Action	The factory shall establish electrical safety management policy to ensure: 1) Install the complete insulation board. 2) Make a safety fence surrounding transformer to prevent employees come to this area. Post the warning sign to restrict enter to this dangerous area. 3) Assign certified electrician to conduct regular electrical safety check to all

	electrical panels and appliances with the record and undertake maintenance or repairing work according to checking result.
Responsible Person	
Photo(s)	
Issue type	Worker Residence (Dormitory)
Subheader	Cafeteria / Dormitory Safety
Company Guidelines	[P14-1 C] The facility must ensure the dormitories are in a clean, safe, and healthy environment.
Details of Failure Found (Explanation)	Apr 24, 2019 [Initial audit]: It was observed the dormitory of Chinese management for 5 rooms which occupied 7 people located on the 2nd floor of the production building. There was only 1 exit staircase. It was noted no fire alarm, fire extinguishers and emergency lights for this dormitory. [VF requirement]
Violation Severity Level	HIGH
Target Date (Deadline Date)	24 Jul 2019
Corrective/Preventive Action	Forbid to have production and dormitory in the same building. The factory must remove the dormitory of foreign supervisors from the production building.
Responsible Person	
Photo(s)	

PHOTO DOCUMENTATION

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