

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**27 Oct 2021**



## Factory Information

FLA Affiliates	New Balance Athletics Inc.
Country	Vietnam
Number of Workers	4650

## Understanding this Report

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.

## FLA Code Element

## Number of Violations

Child Labor (CL)	1
Compensation (C)	6
Employment Relationship (ER)	6
Freedom Of Association And Collective Bargaining (FOA)	2
Health, Safety And Environment (HSE)	19
Hours Of Work (HOW)	3
Nondiscrimination (ND)	1

## Assessment Information

Assessor	OneStep Viet Co., Limited
Assessment Date	27 Oct 2021
Assessment Purpose	Factory Assessment (Virtual Compliance Check)

## ASSESSMENT RESULTS

### Child Labor (CL)

Benchmark ID	CL.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the prohibition of child labor.
Finding Details	Based on policies reviews and interviews with factory management and the workers, it is noted that the hiring policy of the factory is regulated that the factory will not employ the candidate who is under 16 years old. However, between the age of 15 years to 18 years are considered as young workers as legally required and the factory should not prohibit the employment of young workers. Remark: The factory does not have young workers at the time of the assessment.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Labor Law No. 45/2019/QH14, Article 143

### Compensation (C)

Benchmark ID	C.12.1
Benchmark Details	All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc.

Finding Details	1) Based on payroll and attendance record reviews of outsourced security, it is noted that security guards are not contributed mandatory insurance as a legal requirement. In practice, they are paid an additional amount (equal to 21.5% of contract wage which is the percentage of employer contribution) into their monthly salary. There are only 5 out of 28 security guards contributed the mandatory insurance accurately as a legal requirement. 2) Based on payroll and attendance record reviews during the past 12 months and confirmation from the factory management, it is noted that the factory does not pay an additional payment at the same time as the salary payment period for all new employees during the probationary contract that equivalent to the level that the employer pays compulsory social insurance, health insurance, unemployment insurance for employees in accordance with the law on social insurance and health insurance, unemployment insurance as legally required (effective since 1st Jan 2021).
Recommendation for Immediate Action	1) The factory is advised to contribute mandatory insurance for employees who meet legal requirement. 2) Pay an additional amount equal to the compulsory social insurance, compulsory health insurance, unemployment insurance premiums for worker during the probationary period.
Compliance Classifications	Immediate Action Required
Local Law	1) Law No. 58/2014/QH13, Article 85 2) Labor Law No. 45/2019/QH14, Article 168
Benchmark ID	C.7
Benchmark Details	All payments to workers, including hourly wages, piecework, fringe benefits and other incentives shall be calculated, recorded, and paid accurately.

Finding Details	Based on payroll and attendance record reviews during the past 12 months and confirmation from the factory management, it was noted that the factory does not apply the correct wage calculation for months (Mar & July 2021) that have 27 standardized workdays as legally required. For instance, worker A worked 16 days (128 working hours) in July 2021, the monthly wage was calculated as below: - Calculation of the factory: [basic wage – (basic wage/26/8 * unpaid leave hours)] = VND 2,224,038 - Correct calculation: basic wage/27/8 * actual working hours = VND 2,284,444 This wrong calculation is also affected by the other allowances and bonuses due to applying the same method, such as safety & hygiene allowance, fire safety allowance, child care support allowance, work efficiency allowance, etc.
Recommendation for Immediate Action	1) Calculate sufficiently and correctly the payment and benefit for the workers as legal requirement. 2) Pay back for affected workers.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law No. 45/2019/QH14, Article 137 and Decree 145/2020/ND-CP, Article 80
Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country

## Finding Details

1) Based on payroll and attendance records review during the past 12 months and confirmation from the factory management, it is noted that the factory does not pay sufficiently the overtime premium rate for workers who worked on the night time before the public holidays (1st Jan 2021, 21st April 2021 and 30th April 2021). For instance, worker A worked from 19:30 on 29th April 2021 to 4:30 on 30th April 2021, the payment of this worker was calculated as follows: - Calculation of the factory: 2.5 hours with 100% + 5.5 hours with 130% + one (1) hour with 200% - Correct calculation: 2.5 hours with 100% + 2 hours with 130% + 4.5 hours with 390%. In details: 2.5 hours is from 19:30 – 22:00; 2 hours is from 22:00 – 0:00; and 4.5 hours is from 0:00 – 4:30 (of the next day). Remark: there are 120 impacted workers who worked the night shift on 29th April 2021, 124 impacted workers who worked the night shift on 20th April 2021, and 23 impacted workers who worked the night shift on 31st Dec 2020. 2) Based on payroll and attendance records review during the past 12 months, interviews with factory management and workers, it is noted that the factory does not calculate accurately the payment for female workers who have children under 12 months old and work hazardous and heavy jobs as legally required (effective since February 2021). There are 2 groups of impacted workers as follows: 2.1 Female workers having children under 12 months old when working in the factory, worked 7 hours/day during the time of nursing children under 12 months old, and worked hazardous and heavy jobs: - Calculation of the factory on a daily basis: paid 8 hours with 100% of premium rate; - Correct calculation on a daily basis: pay 8 hours with 100% + one (1) hour with 150% of premium rate. Thus, the worker is paid an insufficient 150% of one (1) hourly rate. As legally required, female workers who have children under 12 months old and work hazardous and heavy jobs shall receive 60 minutes of a break with full payment and reduced one working/day with full payment. In case workers are willing to work overtime during 60 minutes of break, they shall be paid 100% of the premium rate and during reduced one working hour, they shall be paid 150% of premium rate. The factory has not applied to reduce one working hour yet. Thus, it is required to pay for this one working hour as overtime with 150% of one (1) hourly rate. 2.2 Female workers having children under 12 months old before joining the factory, worked 8 hours/day (due to the factory does not apply the legal benefit to those workers) during the time of nursing children under 12 months old and worked hazardous and heavy jobs: - Calculation of the factory on a daily basis: paid 8 hours with 100% of premium rate; - Correct calculation on a daily basis: pay 8 hours with 100% + one (1) hour with 100% + one (1)



	<p>hour with 150% of premium rate. Thus, the worker is paid an insufficient 250% of one (1) hourly rate. As legally required, female workers who have children under 12 months old and work hazardous and heavy jobs shall receive 60 minutes of a break with full payment and reduced one working/day with full payment. In case workers are willing to work overtime during 60 minutes of break, they shall be paid 100% of the premium rate and during reduced one working hour, they shall be paid 150% of premium rate. The factory has not applied to reduce one working hour yet. Thus, it is required to pay for this one working hour as overtime with 150% of one (1) hourly rate.</p>
Recommendation for Immediate Action	<p>1) a) Calculate sufficiently and correctly the payment and benefit for the workers as legal requirement. b) Pay back for affected workers. 2) a) Calculate sufficiently and correctly the payment and benefit for protected female workers as legal requirement. b) Pay back for affected workers.</p>
Compliance Classifications	Immediate Action Required
Local Law	<p>1) Labor Law No. 45/2019/QH14, Article 137 and Decree 145/2020/ND-CP, Article 80 2) Labor Law No. 45/2019/QH14, Article 137 and Decree 145/2020/ND-CP, Article 80</p>
Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.
Finding Details	<p>Based on termination payout record reviews during the past 12 months and confirmation from the factory management, it is noted that the factory does not calculate accurately the annual leave for resigned workers who have the balance annual leave with the decimal is less than 0.5, the result shall be rounded down instead of keeping the exact result as legally required. For instance, worker A resigned on 22nd April 2021 and had a 0.4475 annual leave balance when resigned, the factory rounded down the result to be 0 annual leave and there was no leave payment for this worker.</p>
Recommendation for Immediate Action	Calculate unused annual leave correctly and pay sufficiently for all resigned workers.



Compliance Classifications	Immediate Action Required
Local Law	Decree No. 145/2020/ND-CP, Article 66
Benchmark ID	C.18.1
Benchmark Details	Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.
Finding Details	Inconsistent records between security logbooks and timekeeping documents were found. It is noted that there are two weekly rest days found on August 22nd & 29th in one security logbook showed that 24 workers checked in & out with their signatures on August 22nd (14 workers) & August 29th (10 workers), however, the time record and payroll record in August 2021 did not indicate any rest-day works. Through separate interviews with the sampled workers and factory management, it was reported that the factory did not arrange any works on those weekly rest days. Factory management conducted an investigation and explained there was no Sunday work on August 22nd & 29th. It was the hand-writing mistake of the security team as those days are normal working days, so workers requested for going out so they checked in & out during lunchtime (12:00 - 12:30). Factory management committed to further working on documenting the system to ensure consistent and accurate records.
Recommendation for Immediate Action	The factory shall ensure document to be recorded correctly and consistently.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	C.21.1
Benchmark Details	Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.

Finding Details	<p>1) The factory has neither provided menstruation break nor paid into monthly wage as required by new legal requirement since February 2021 for workers who do not want to take this break. The factory combines the menstruation break into annual leave calculation instead. The annual leave shall be added to this menstruation break (equivalent to annual leave) and shall be paid for workers when they resign. For the existing workers, this menstruation break shall be combined with annual leaves, and workers can take this annual leave within the year or combine it to 3 years as legally required. Remark: Workers still can take this break within the month when they have demands. However, most of the interviewed workers do not take the menstruation break, they prefer to combine to annual leave instead. As legally required, the employer can arrange with the workers to take this break within the month or pay into a monthly wage for the workers if they prefer not to take this break. 2) Based on document reviews and confirmation from the factory management, it is noted that as a general practice, the child care support allowance is provided monthly for female workers who have children under 6 years old with the rate of VND 30,000/child. However, this child care support allowance is not provided for female workers during their probationary duration, it is only provided for female workers who have signed labor contracts.</p>
Recommendation for Immediate Action	<p>1) Provide menstruation break for female workers at least 3 days/month and 30 minutes/day or pay an extra amount equal to these period. 2) Child care allowance shall be paid for applicable employees.</p>
Compliance Classifications	Immediate Action Required
Local Law	<p>1) Decree No. 145/2020/ND-CP, Article 80. 2) Labor Law No. 45/2019/QH14, Article 136</p>
<b>Employment Relationship (ER)</b>	
Benchmark ID	ER.1.2

Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.
Finding Details	1) As required by FLA's benchmarks, employers shall ensure that all employees and supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance. Based on training records reviews and confirmation from factory management, it is noted that FLA Code is not included in ongoing training for workers. The factory management explained that they were not aware of this requirement from FLA. 2) The occupational health and safety (OHS) training for some special workers (as defined as Group 3) has not been conducted for canteen staffs who directly cooking and/or processing the foods at the canteen area.
Recommendation for Immediate Action	1) N/A 2) Required OHS training shall be provided for designated employees.
Compliance Classifications	Immediate Action Required
Local Law	1) N/A 2) Law No. 84/2015/QH13, Article 14; Decree No. 140/2018/ND-CP, Article 1, Clause 5 and Circular No. 06/2020/TT-BLDTBXH
Benchmark ID	ER.5.1
Benchmark Details	Employers shall ensure that all supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance.
Finding Details	As required by FLA's benchmarks, employers shall ensure that all employees and supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance. Based on training records reviews and confirmation from factory management, it is noted that FLA Code is not included in training for supervisors. The factory management explained that they were not aware of this requirement from FLA.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	Based on document reviews and confirmation from factory management, it is noted that the factory does not have a comprehensive policy and/or procedure on retrenchment as required by FLA Benchmark.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.8
Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.

Finding Details	Based on document reviews and confirmation from factory management, it is noted that the factory does not have a comprehensive policy and/or procedure on promotion as required by FLA Benchmark.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.19.1
Benchmark Details	Employers shall maintain on file all documentation needed to demonstrate compliance with the FLA Workplace Code and required laws.
Finding Details	Gathering information from security guards and canteen staff (outsourced service providers), it is noted that the security guards and canteen staff sign labor contracts once time every year with the fixed-term contract (12 months). However, as a legal requirement, the parties may enter into one (1) more fixed-term employment contract. If the employee keeps working upon the expiration of this second fixed-term employment contract, the third employment contract shall be indefinite term automatically.
Recommendation for Immediate Action	The factory shall not sign more than one fixed-term employment contract after the first fixed-term employment contract.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law No. 45/2019/QH14, Article 20
Benchmark ID	ER.3.1

Benchmark Details	Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, FLA Code of Conduct, health and safety, and environmental protection.
Finding Details	As required by FLA's benchmarks, employers shall ensure that all employees and supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance. Based on training records reviews and confirmation from factory management, it is noted that FLA Code is not included in orientation training for all employees. The factory management explained that they were not aware of this requirement from FLA.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

## Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.

Finding Details	Based on document reviews and interviews with factory management, it is noted that the internal workplace democracy regulation is developed on April 26, 2021. However, this regulation is not reviewed and updated new provisions as legally required (Decree 145/2020/ND-CP) such as the frequency and time of dialogues in a year, the composition and quantity of participants in the dialogue, and quantity thereof.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Decree No. 145/2020/ND-CP, Article 37
Benchmark ID	FOA.10
Benchmark Details	Employers shall refrain from any acts of interference with the formation or operation of workers' organizations, including acts which are designed to establish or promote the domination, financing or control of workers' organizations by employers.
Finding Details	"FLA Comment: Vietnam has not ratified ILO Convention 87. 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."
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required



Local Law	
<b>Health, Safety And Environment (HSE)</b>	
Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	1) There is no sign of an emergency assembly point posted at the factory. 2) a) Line markings of three exit aisles are faded at the canteen. b) There is no directional sign marked for all (2) exit aisles in the embroidery room. c) There is no evacuation map posted at the dormitory. d) Two evacuation maps are posted, but incorrectly as follows: - Way of direction sign on evacuation map at the material warehouse; - Position of "You are here" sign on evacuation map at the sole warehouse.
Recommendation for Immediate Action	1) Post sign/poster at the emergency assembly point 2) a) Emergency exits shall be clearly marked; b) Post evacuation map at buildings; c) Make sure all evacuation maps to be matched with the actual layout.
Compliance Classifications	Immediate Action Required
Local Law	1) Circular No. 149/2020/TT-BCA, Article 5 2) National Standard TCVN 2622:1995, Article 7.5 and Circular No. 149/2020/TT-BCA, Article 5
Benchmark ID	HSE.5.1.3
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting

Finding Details	1) a) There are no emergency lights and exit signs installed for the emergency exits at the mechanic room (near the canteen area) and embroidery room. b) There is no emergency light installed for all outside exit staircases at all buildings which having outside exit staircases. 2) There is no power supplied for all (3) emergency lights at one out of two exit staircases at the dormitory.
Recommendation for Immediate Action	1) In stall exit sign and emergency light at exit doors/staircases. 2) Ensure emergency lights to be functional.
Compliance Classifications	Immediate Action Required
Local Law	1) National Standard TCVN 3890:2009, Article 10 2) National Standard TCVN 3890:2009, Article 10
Benchmark ID	HSE.5.1.2
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of fire alarms;
Finding Details	There is no fire alarm installed at chemical warehouse No. 2. In addition, during testing, a signal of fire alarm from the canteen is sent to the fire alarm control panel at the security room. However, the visual alarm does not work as its function on the fire alarm control panel.
Recommendation for Immediate Action	1) Install the fire alarm system at chemical warehouse. 2) Ensure the fire alarm system to be maintained regularly and functional
Compliance Classifications	Immediate Action Required
Local Law	National Standard TCVN 3890:2009, Article 6
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations

Finding Details	1) Exit aisle is obstructed by the pillar in the embroidery room. 2) One out of two exit staircases at mezzanines of each workshop 1, 2, 3 is not safe for evacuation. There are water pipelines placed on the ground of the evacuation routes which obstruct the evacuation.
Recommendation for Immediate Action	Exit aisles / staircases shall be free from obstruction.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Building Code No. QCVN 06:2021/BXD, Article 3
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	1) Labels of 30 chemical containers (W-150) are not in the local language. The factory management explained that they received these chemical containers in the morning and they did not have enough time to label all of them. 2) There is no secondary containment equipped for more than 30 chemical containers (W-150) at the chemical warehouse, mechanic room, and workshop B. The factory management explained that they received these chemical containers in the morning and they did not have enough time to arrange them.
Recommendation for Immediate Action	1) Chemical containers shall be labeled with their contents and main hazards in the local language. 2) Chemical containers shall be stored on secondary containment.
Compliance Classifications	Immediate Action Required
Local Law	1) N/A 2) N/A
Benchmark ID	HSE.2

Benchmark Details	All documents required to be available to workers and management by applicable laws (e.g. health and safety policies, MSDS, environmental emergency plans) shall be made available in the prescribed manner and in the local language or language spoken by the workers, if different from the local language.
Finding Details	1) The regular health check has been conducted. However, it was not ensured the gap of 6 months of the latest 2 health checks for the workers working heavy and hazardous jobs. Two (2) latest health checks were conducted in January and August 2021. This finding is raised to see the impact of the Covid-19 outbreak. 2) The 2nd occupational diseases health check-in 2021 has not been conducted yet to ensure the gap of 6 months. The latest occupational diseases health check was conducted in January 2021. This finding is raised to see the impact of the Covid-19 outbreak.
Recommendation for Immediate Action	1) Workers working heavy and hazardous jobs shall be provided a health check every 6 months. 2) Provide regular health checks for workers as legally required.
Compliance Classifications	Immediate Action Required
Local Law	1) Law No. 84/2015/QH13, Article 21 2) Law No. 84/2015/QH13, Article 21
Benchmark ID	HSE.25.1.1
Benchmark Details	All dormitories shall be kept secure, clean, and have safety provisions (e.g. fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting).
Finding Details	The factory conducts one fire drill at the dormitory on an annual basis, instead of conducting semi-annual fire drills as required by FLA benchmarks. The latest fire drill at the dormitory was conducted in March 2021.
Recommendation for Immediate Action	Fire drills for the dormitory shall be conducted at least semi-annually.
Compliance Classifications	Immediate Action Required

Local Law	N/A
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace 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.
Finding Details	The factory provides one towel for hand drying. This towel is replaced once a day. However, due to many people using the same towel, it could not ensure sanitation. In addition, there is no cover for the bin at the female toilet to ensure sanitation.
Recommendation for Immediate Action	Equip hand drying facility properly as well as cover for waste bins to ensure the sanitation.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	Around 7 compressed gas cylinders are not chained at gas storage near the canteen area and kitchen of the dormitory to prevent falling.
Recommendation for Immediate Action	Compressed gas cylinders shall be chained to protect them from tipping fall.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HSE.6.1

Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.
Finding Details	1) a) Around 20 out of 70 fire extinguishers are obstructed by motorcycles at parking lot area; b) One fire hose is obstructed by material (wood) in the boiler area. 2) a) There are no fire extinguishers equipped at the main electrical cabinet and sample shoes storage area (mezzanine of workshop 1, 2). b) One out of three fire-fighting pumps is turned off at assessment time. During testing, the diesel pump is functional, however, the functional light on the control cabinet is not lighted. 3) First aid kits are equipped with 8 – 15 items instead of at least 27 items as legally required.
Recommendation for Immediate Action	1) Fire-fighting equipment shall be free from obstruction. 2) a) Equip fire extinguishers sufficiently; b) Ensure fire-fighting equipment (e.g. fire pump, sprinkler system) is available and functional. 3) First aid kits shall be provided sufficient items as legally required.
Compliance Classifications	Immediate Action Required
Local Law	1) National Standard TCVN 7435 - 1:2004, Article 5 and National Standard TCVN 7435 - 2:2004, Article 4 2) National Standard TCVN 3890:2009, Article 5 and 8 3) Circular No. 19/2016/TT-BYT, Article 6
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

Finding Details	1) The factory has not identified hazards of potentially asbestos usage and risk assessment for the hazards accordingly as required by FLA Benchmark. 2) Water from eyewash and shower facilities is connected to rain drainage system instead of wastewater system at production workshops, off-line workshop. 3) During the factory walkthrough, there is one building that the assessor could not access to check the health, safety, and environmental conditions, due to the key holder in-charge person was not present. Assessors requested to access this building on the first day of the assessment and the factory was cooperative, however, the key holder person who works for the construction service provider still did not come to open the building due to weather conditions. To note, factory management explained there was a misunderstanding in communication and the factory was opened for access at all times.
Recommendation for Immediate Action	1) Take proper steps to ensure that workers are not exposed to asbestos. 2) Wastewater shall be treated properly before being discharged to environment. 3) All areas shall be opened and supervised to ensure the health, safety and environmental conditions.
Compliance Classifications	Immediate Action Required
Local Law	1) N/A 2) Law No. 55/2014/QH13, Article 7 3) N/A
Benchmark ID	HSE.28
Benchmark Details	Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within , confined spaces, maintenance issues, and general Health and Safety Issues.
Finding Details	There is no safety instruction/regulation for contractors/visitors when they arrive at the factory.
Recommendation for Immediate Action	Provide safety information to contractors/visitors.
Compliance Classifications	Immediate Action Required



Local Law	N/A
Benchmark ID	HSE.10.1
Benchmark Details	Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
Finding Details	The factory does not obtain a material safety data sheet (MSDS) of some chemicals e.g. 8300-102, RB-011, K307.
Recommendation for Immediate Action	The factory shall obtain MSDS or SDS for all chemicals in the factory.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HSE.30.2
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed; procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies
Finding Details	The procedure to handle the occupational accident has not been fully implemented as follows: - The factory uses an internal accident investigation form, instead of using the legal form. - The factory has not applied/issued some legal form for the accident investigation, such as declaration form, investigation committee establishment form, the announcement of investigation result, etc. - One heavy occupational accident happened in July 2021 (worker got a fracture of the second finger). However, the factory classified this accident as a light accident. In addition, the factory has not sent this worker to the certified medical facility to take a medical assessment of decreased work capacity as legally required.

Recommendation for Immediate Action	1) Follow legal instruction and apply legal form for accident handling; 2) Classify the accident correctly as legally required; 3) Take a medical assessment of decreased work capacity for workers who get an occupational accident.
Compliance Classifications	Immediate Action Required
Local Law	Decree No. 39/2016/ND-CP, Article 13 and Law No. 84/2015/QH13, Article 38
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	The factory does not provide personal protective equipment (PPE) e.g. goggle for workers working with chemicals (111GSN, NP-72KMN, etc.) as required by MSDS.
Recommendation for Immediate Action	Provide PPE to protect workers from harmful, dangerous elements.
Compliance Classifications	Immediate Action Required
Local Law	Circular No. 04/2014/TT-BLDTBXH, Article 5
Benchmark ID	HSE.8
Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.
Finding Details	Two workers do not wear safety boost when working with chemicals at the sole warehouse, off-line workshop as factory's regulation.

Recommendation for Immediate Action	Workers shall use PPE properly.
Compliance Classifications	Immediate Action Required
Local Law	Circular No. 04/2014/TT-BLDTBXH, Article 6
Benchmark ID	HSE.14.2
Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.
Finding Details	The occupational health and safety (OHS) training for some special workers (as defined as Group 3) has not been conducted for operators who operate cutting, grinding, and pressing machines/equipment.
Recommendation for Immediate Action	Required OHS training shall be provided for designated employees.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 84/2015/QH13, Article 14; Decree No. 140/2018/ND-CP, Article 1, Clause 5 and Circular No. 06/2020/TT-BLDTBXH
Benchmark ID	HSE.9.2
Benchmark Details	Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances.
Finding Details	The chemical safety training has been conducted. However, at least 80 new workers joining in 2021 and working with chemicals have not been provided the chemical safety training yet.
Recommendation for Immediate Action	Chemical safety training shall be provided for worker working with chemical.

Compliance Classifications	Immediate Action Required
Local Law	Decree No. 113/2017/ND-CP, Article 32
Benchmark ID	HSE.17.1
Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.
Finding Details	Approximately 20% of chairs do not have back support. In addition, the height of all chairs is not adjusted. In addition, the factory does not provide anti-fatigue mats for around 70 pressing workers who have to stand during working time.
Recommendation for Immediate Action	Proactive steps to reduce repetitive-motion stress or injuries shall be taken e.g. breaks, adjustable workstations.
Compliance Classifications	Immediate Action Required
Local Law	N/A

## Hours Of Work (HOW)

Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	Based on payroll and attendance record reviews during the past 12 months of the outsourced canteen, it is noted that the maximum monthly overtime hours are up to 72 hours/month (including rest day working). However, the monthly overtime shall not be more than 40 hours/month as legally required. There are 31 canteen staff and the excessive monthly overtime happened in the year 2021.

Recommendation for Immediate Action	Workers shall not work overtime more than 40 hours/month.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law No. 45/2019/QH14, Article 107
Benchmark ID	HOW.22.3
Benchmark Details	Time worked by all workers, regardless of wage system, shall be fully documented by time cards or other mechanical or electronic recording systems.
Finding Details	Gathering information from outsourced security and based on attendance records review, it is noted that there are no timecards or other mechanical or electronic recording systems to record the detailed time-in and out of security guards. As a general practice, the daily time records of these employees are recorded manually with a symbol of working shift (C1 for shift 1, which is from 6:00 – 14:00; C2 for shift 2, which is from 14:00 – 22:00; C3 for shift 3, which is from 22:00 – 6:00).
Recommendation for Immediate Action	The factory shall install a system to record working hours for all employees including in-house employees.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HOW.2
Benchmark Details	Workers shall be entitled to at least 24 consecutive hours of rest in every seven- day period. If workers must work on a rest day, an alternative consecutive 24 hours must be provided within that same seven-day period or immediately following.

Finding Details	Based on payroll and attendance record reviews during past 12 months of Canteen service provider, it is noted that approximately 2 – 3 canteen staffs are not entitled sufficiently at least 4 rest days per month as legally required. They are entitled 2 – 3 days only in a month.
Recommendation for Immediate Action	Workers shall be entitled at least 4 rest days per month.
Compliance Classifications	Immediate Action Required
Local Law	Labor Law No. 45/2019/QH14, Article 111

### **Nondiscrimination (ND)**

Benchmark ID	ND.8.1
Benchmark Details	Employers shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including provisions concerning maternity leave and other benefits; prohibitions regarding night work, temporary reassignments away from work stations and work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their new born children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities.
Finding Details	The factory has more than 1,000 female employees. However, there is no nursing/lactating facility provided in the factory for the applicable female workers as legally required.
Recommendation for Immediate Action	The factory is advised to provide dedicated rooms for milking and breast milk storage.
Compliance Classifications	Immediate Action Required
Local Law	Decree No. 145/2020/ND-CP, Article 80

