

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

08 Nov 2021



Factory Information

FLA Affiliates	Nike, Inc
Country	Vietnam
Number of Workers	

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)	3
Employment Relationship (ER)	11
Freedom Of Association And Collective Bargaining (FOA)	2
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	13
Hours Of Work (HOW)	3

Assessment Information

Assessor	Openview- China Shenzhen
Assessment Date	08 Nov 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	The Juvenile Worker Managing Procedure does not regulate the steps to monitor and update working age for payment. It results in insufficient payment of young workers, detailed under the Compensation section.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Compensation (C)

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

1. The factory mainly pays the piece-rate wage to all workers. For non-production time (such as training time, short break time and menstruation time), the factory pays the hourly wage to workers. The calculation is (=) the contract salary divided by (:) total number of actual working hours in that month (192 hours in February, 200 hours in November 2020, 208 hours for months with 26 working days, and 216 hours for months with 27 working days), then multiplied by (x) actual non-production hours in that month. Therefore, for the non-production wage, the factory pays young workers less than legal requirement. The actual working hours for young workers are less than other workers such as 169 hours in February, 168 hours in November 2020, from 172 to 174 hours for months with 26 working days, and from 179 to 181 hours for months with 27 working days. There are 15 young workers working in the factory during assessment. For example: In February 2021, the normal working hours of young workers are 160 hours. The factory pays for 3.5 non-production hours equal to VND70,255 (VND3,854,000/192 hours X 3.5 hours), while the factory should pay equal to VND84,306 (VND3,854,000/160 hours X 3.5 hours). Remark: Factory sent the photo evidence after the assessment which showed that the factory calculated to pay back for the 15 affected workers on November 12, 2021 with total amount VND8,636,799.

2. It is noted that the time record system could not count exactly the total actual monthly normal working hours for young workers, pregnant workers and child nursing female workers, so their overtime payment is incorrect. These workers work 7 hours per day for some days in a month, then change to work 8 hours per days for the remain days in the same month, vice versa in next month. The time record system counts 8 working hours for all days. Therefore, the overtime wage for these workers are less than legal requirement. For example, in September 2021, the total normal working hours and overtime working hours for one pregnant worker are 155.35 production time hours (including 10 days for 8 working hours, plus 14 days with 7 working hours, plus 9.75 overtime hours, and minus 32.4 non production hours). The factory count the total of production time of this workers equal 169.35 hours (including 24 days for 8 working hours, then plus 9.75 overtime hours, and minus 32.4 non production hours). The factory pays for 9.75 overtime hours equal to VND219,431 (VND7,662,695/169.35 hours X 0.5 X 9.5 hours), while the factory should pay equal to 239,205 (VND7,662,695/155.35 hours X 0.5 X 9.5 hours).

Recommendation for Immediate Action	1. Update the legal requirements and pay young workers the basic wage properly. 2. Record the correct working hours for young workers, pregnant workers and child nursing female workers and pay the correct overtime premium.
Compliance Classifications	Immediate Action Required
Local Law	Decree No. 145/2020/ND-CP, Article 54
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>1. It is noted that there were 07 cleaners, 03 security guards and 10 loading workers working at the factory as onsite subcontractors. However, there was no record of mandated insurance contribution for these onsite subcontracted workers provided for review. Factory explained that they only managed the working time and payment of the onsite subcontractors, not the insurance contribution. 2. According to the attendance bonus policy, the factory provides the attendance bonus for all workers VND400,000 (USD 17.44) per month. If workers take one day off, the factory deducts VND100,000 (USD 4.36). This practice does not take into consideration pregnant female workers, who legally take leave for prenatal check-ups at least 5 times (takes a full day for each check-up) during the pregnancy period. 5-day prenatal check-up leads to the deduction of VND 500,000 (USD 21.81). Remark: The factory revised the attendance bonus policy since the October 2021 salary payment cycle. The factory would provide full attendance bonus for pregnant workers if they take leave for prenatal check-up.</p>
Recommendation for Immediate Action	1. Contribute the mandated insurance for onsite subcontracted workers and keep record in files. 2. Update the full attendance bonus policy and pay pregnant workers full attendance bonus for legal prenatal check-up leaves.
Compliance Classifications	Immediate Action Required

Local Law	Law No. 58/2014/QH13, Article 02; Decree No. 145/2020/ND-CP, Article 80
Benchmark ID	C.19.1
Benchmark Details	Employers shall make every reasonable effort to ensure workers understand their compensation, including: the calculation of wages, incentives systems, benefits, and bonuses they are entitled to at the workplace and under applicable laws.
Finding Details	The factory does not post information on the payment of social insurance premiums for employees every six months, as per legal requirement.
Recommendation for Immediate Action	Post information on social insurance premiums payment every six month.
Compliance Classifications	Immediate Action Required
Local Law	Law on Social Insurance, Article 21

Employment Relationship (ER)

Benchmark ID	ER.11.2
Benchmark Details	Employers must ensure the following minimum terms and conditions are met in the employment of contract/contingent/migrant/temporary workers: Contract/contingent/migrant/temporary workers shall be provided an employment agreement in their native language setting out the employment terms and conditions. for migrant workers, a copy of their employment contract in their native language shall be provided prior to departure from their country of origin;
Finding Details	There is no phone number or email address of both the employer and employee in the current labor contract forms used at the factory. The local law requires to list such information.
Recommendation for Immediate Action	List the phone number and email address of both employer and employee in the labor contract form.

Compliance Classifications	Immediate Action Required
Local Law	Circular No.10/2020/TT-BLDTBXH, Article 03
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. Due to the lack of relevant policies and procedure, the training content provided to new workers, permanent workers, and contractors do not align with the FLA Benchmarks and do not cover the required parts such as: Retrenchment, Industrial Relation, Worker Involvement Process, Training Possibility and Juvenile Worker Management. 2. Ongoing training records did not mention the training date and training duration to evaluate if the trainings are sufficient. The training review report has not been made to check whether additional trainings are in need for more workers. 3. The factory has not defined responsibility and accountability for each employment function in the CSR team.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	Due to a lack of relevant policies and procedure, the training contents provided to supervisors do not align to the FLA Benchmark and do not cover the required parts such as: Retrenchment, Industrial Relation, Worker Involvement Process, Training Possibility and Juvenile Worker Management.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	<p>1. The hiring procedure is incomplete. Through the worker and relevant staff interview, it is noted that after passing the 1st interview with Hiring and Recruitment staff, workers will participate in the skill and working experience testing before signing the employment contract. The hiring procedure does not outline what, how and how long the skill evaluation should be done. Interviewed workers and relevant staff shared that workers have to spend more than half a day on skill and working experience testing. Remark: The factory only employed the skill workers, and there is no probation applied for workers in the factory. 2. The factory has the Retrenchment Policy but has not developed a Retrenchment Procedure that outline the steps, timeline and responsibility to ensure the Retrenchment follows the local law and the workers are consulted in the decision making and give their feedback. 3. It is noted that the factory has not developed job descriptions. There are only tasks in the list of job functions. There is no information of experience, qualification required for each position, that could be linked into the job grading system of the factory.</p>

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).
Finding Details	The Labor Discipline Policy and Procedure does not state that workers have rights to dispute or the further steps to guide in the dispute process. There are no labor discipline records and dispute handling kept for review.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.

Finding Details	The factory has simple policies and procedures on personnel development. However, the current Training Policy and Procedure does not regulate the required training categories such as orientation, ongoing training, training for management level, sub/supplier and on how to maintain the records. The factory has not clearly defined in the policy or procedure the sufficient qualified staff as trainers and how to ensure workers at all levels receive training about existing policies and procedures, any revisions or how to pursue their personal development.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.

Finding Details	<p>1. The factory does not have policy and procedure for performance reviews, that outlines the steps and process, demonstrate linkages to job grading, that prohibits discrimination, seeks feedback, agreement/disagreement from employees in writing, and that follows all local legal requirements. The Performance Review is now mostly based on the leader decision. 2. It is noted that factory established a policy for monthly evaluation (A, B, C). This evaluation affects the working day bonus of workers, who are paid by hourly rate. A-level workers will get at least 10% extra overtime payment. B-level workers will get at least extra 5% overtime payment. C-level workers will get no extra payment. However, the factory does not have a clear procedure to update the monthly evaluation result based on the actual performance of workers in a month. A sample worker got level C in Sept.2021 so no working day bonus was provided. The monthly evaluation in Sept. 2021 of this worker indicated the final evaluation result was C while he got A for all 4 evaluation criteria (Productivity, Quality, Working Day and Discipline). Factory provided records of his mistakes and explained that factory forgot to update in the final evaluation form.</p>
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.8
Benchmark Details	<p>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.</p>
Finding Details	<p>The factory established policy and procedure for job transfer, promotion and demotion. However, the implementation is not sufficiently followed due to information shortage such as timeline for each steps, document/template required, record kept as well as the statement for workers rights and steps for appeal.</p>

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	The factory does not track and record grievance from any of their grievance channels. This includes the HR hotline, direct meeting with supervisor or HR team, and regular dialogue between management representative and workers.
Recommendation for Immediate Action	Track and record grievances from all grievance channels.
Compliance Classifications	Immediate Action Required
Local Law	Nil
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	The factory has established a policy for worker involvement, which states that the factory should consult workers about the relevant decision making, especially for special category workers. However, the factory has not developed the detailed procedure including necessary steps, mechanism, or timeline for implementation of the policy.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.3.3
Benchmark Details	Workers should be provided with written documentation that substantiates all the issues covered in orientation briefings.
Finding Details	Workers are not provided with written documentation that substantiates all the issues covered in orientation briefings.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil

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	<p>The factory regulated in the wage scale for 2020 which was approved by the local government on February 20, 2020 that the factory increased the wage level for eligible employees in Quarter 4 annually, according to the pay rise regulation of the factory. However, the factory did not increase the wage level for eligible employees in Quarter 4 of 2020 due to the impact of Covid-19 in 2020. The factory released an announcement that they would not increase the wage level on September 18, 2020 with the confirmation of Trade Union Chairman. However, there was no agreement and meeting minutes between factory representative, Trade Union and each employees provided for review to prove that employees agreed not to increase the wage level in 2020, as per legal requirement. Although the factory had provided some meeting minutes and workers' confirmation not to increase the wage at the end of audit or after audit, auditors cannot conduct interviews to confirm. Remark: Factory provided the meeting minutes with 05 members of Trade Union September 4, 2020 to indicate that Trade Union Representative agreed not to increase wage in 2020 at the end of the 2nd assessment day. After the assessment, on November 12, 2021, factory provided a list of workers in Finishing 12 Section (27 people), Group 1 – Workshop 13 (45 people), Office of Cutting Workshop (15 people), Group 3 – Workshop 11 (44 people) confirmed not to increase the wage level in 2020 on August 25, 2020.</p>
Recommendation for Immediate Action	Keep all records if there is agreement between the factory representative, Trade Union or workers.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code, No.10/2012/QH13, Article 71
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 Comments: 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	

Harassment Or Abuse (H/A)

Benchmark ID	H/A.8.3
Benchmark Details	Employers, shall develop, implement and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complainants, victims, and witnesses.
Finding Details	The factory does not conduct the Harassment and Abuse risk assessment that identifies the risk of harassment and abuse in the workplace and takes steps towards remediation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Health, Safety And Environment (HSE)	
Benchmark ID	HSE.5.3
Benchmark Details	Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually.
Finding Details	The factory conducted fire drill on September 29, 2020 but did not conduct with participation of the local fire police annually in 2021 yet. The factory explained that the COVID-19 impacted their fire drill arrangement
Recommendation for Immediate Action	Conduct the fire evacuation drill with the participation of the local fire police.
Compliance Classifications	Immediate Action Required
Local Law	Circular No. 149/2020/TT-BCA, Article 10.
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 "No smoking" posted at the gas storage area for smoking prohibition. 2. One non-exit door in workshop 11 was not indicated with "non-exit door" for emergency cases.
Recommendation for Immediate Action	1. Post the "No smoking" sign at the gas storage area. 2. Indicate exit and non-exit clearly to well guide the workers in emergency.

Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor code 2019, Article 134.
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 are no fire alarm buttons for two parking areas (one is 1,300 and the other is 1,400 square meters) in the factory. The parking areas are open areas, they are not buildings and smoke detector would not work to be installed in those areas.
Recommendation for Immediate Action	Install the fire alarms button at the parking areas.
Compliance Classifications	Immediate Action Required
Local Law	Law No.27/2001/QH10-Fire Safety, Article 52.
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	1. The electrical wire of one motor is placed on the wet floor directly at the boiler area. It could cause fire and electrical shock. 2. One electrical switch in the air compressor room is not covered with safety cover and one electrical panel in the mechanical room is not installed with the inner cover sufficiently (workshop 13).
Recommendation for Immediate Action	Re-design and install the electrical wiring in a safe manner. Install safety cover and inner covers for all switches and electrical panels.
Compliance Classifications	Immediate Action Required

Local Law	Electricity Law No. 28/2004/QH11, Article 57; Vietnam Labor code 2019, Article 134; TCVN 5556 – 1991, Clause 1.1.1
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. The factory does not control the ladders and scaffold in a safe manner. They are placed near the underground water room without posting the warning sign or being locked. There is no designated qualified personnel to manage. 2. The safety guards for two electrical fans, one at the boiler area and one in finished goods warehouse are not fully installed. They are not fully covered to block worker's fingers and materials.
Recommendation for Immediate Action	1. Designate a proper place to store ladders, scaffold in a safe manner with warning signs and being locked. 2. Install complete safety guards for two electrical fans.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor code 2019, Article 134; Law No. 84/2015/QH13, Article 16
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	Factory does not install the eyewash device at or near the hazardous waste storage area. Hazardous waste are empty chemical tanks and drums with residue.
Recommendation for Immediate Action	Install the eyewash station at or near the hazardous waste storage area.
Compliance Classifications	Immediate Action Required

Local Law	Vietnam Labor code 2019, Article 134; TCVN 5507: 2002, Clause 6.2.1.
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	1. There are no building permits for any building in the factory in place for review. Factory submits one soft file of building permit with electronic signature and stamp of the government department in Word file and converted to PDF while the assessors ask for a hard copies. Noted: After assessment days, factory provided assessor with the building permit (photos of the hard copy file) with original stamp and signature of the Government department for review, it was issued on February 01, 2012. 2. There is no Appendix of Fire Safety Design Approval No. 51/ 2011 in place for review since the Acceptance Fire Protection Certificate requires the factory to complete some items in the Appendix; Furthermore, there is no detail design for each construction for review. There is no Acceptance Fire Protection Certificate for fire-fighting system which was approved by Fire Safety Design Approval No. 04/TD-PCCC issued on February 27, 2014. Noted: After the assessment days, factory provided assessor with an Acceptance Fire Protection Certificate issued by the local fire police on April 17, 2014 for review.
Recommendation for Immediate Action	1. Obtain the building permits or similar records and keep in place for review. 2. Obtain the Fire Safety Design Approval, Acceptance Fire Protection Certificates and keep them in place for review.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 62/2020/QH14. Law on Amendments To Construction Law, Article 89; Decree No. 136/2020/NĐ-CP, Article 13; Decree No. 136/2020/NĐ-CP, Article 14.

Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	<p>1. The factory conducts the working environment inspection on April 27, 2021 and all indicators met local standards. However, the environment inspection does not include the center room of the wastewater treatment plant (there is at least one worker who works in this room to monitor and operate the wastewater treatment plant every day). 2. The factory does not establish the annual plan and procedure to inspect, maintain and repair the construction and buildings, as per legal requirement. 3. The factory does not identify the number of eligible workers to provide the occupational disease health check-up as required by the local law. Factory provides two health check-ups annually for workers in 2021, the latest was in September 2021 for 8,556 workers, as mentioned in the contract on August 25, 2021 between factory and Medical Center of Nam Dinh City. However, there is no result of occupational disease health check-up. 4. The factory does not guarantee at least 1-meter distance when conducting the meeting and training for workers and having meals in canteen. Furthermore, there is no regulation on the limit number of people in each meeting or training room to prevent COVID-19 transmission. 5. There is no poster for maximum occupancy at the entrance of meeting room. 6. The factory does not reduce the number of workers in each room, to minimize the risk of COVID-19 transmission.</p>
Recommendation for Immediate Action	<p>1. Conduct the working environment inspection include all working areas as per legal requirement. 2. Establish the annual plan and procedure to inspect, maintain and repair the construction/buildings as per legal requirement. 3. Find the qualified Medical Center and arrange all eligible workers for occupational health checkup. 4. Keep at least one meter distancing during meeting, training and having foods at canteen during the lunch break. 5. Post the maximum occupancy at the entrance of meeting room to notice workers during attending the meeting and training. 6. Re-arrange the work position to reduce the number of workers in each room/area to minimize the risk of Covid-19 transmission.</p>
Compliance Classifications	Immediate Action Required

Local Law	Law 84/2015/QH13. Occupational Safety and Hygiene, Article 16; Decree No. No. 06/2021/ND-CP, Article 33; Law 84/2015/QH13, Article 21
Benchmark ID	HSE.14.3
Benchmark Details	Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.
Finding Details	1. At least 02 UV light (insect catching equipment) in Canteen are not posted with hazard warning signs. 2. The operation guidance for at least one fabric relaxing machine in the Cutting Workshop 14 and one lathe in the mechanical room are not posted. It is temporarily written down with a marker during the audit.
Recommendation for Immediate Action	1. Post the warning hazard signs for all UV light in canteen and kitchen area. 2. Standardize and post the operation guidance for buttons of all machines in local language for worker's reference.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 84/2015/QH13 on Health and Safety, Article 16.
Benchmark ID	HSE.5.4
Benchmark Details	The emergency evacuation plan (EEP) includes procedures for notifying local community authorities in case of accidental discharge or release of chemical/waste products or any other environmental emergency.
Finding Details	The emergency evacuation procedure (EEP) does not include procedures for notifying local community authorities in case of accidental discharge or release of chemical or waste products or any other environmental emergency.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	HSE.30.2.6
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed:protections to workers who allege health, safety, and environmental violations;
Finding Details	There is no health and safety risk assessment for 07 stations of RO system in the factory premise.
Recommendation for Immediate Action	Include the seven stations in the risk assessment.
Compliance Classifications	Immediate Action Required
Local Law	Circular 07/2016/Tt-BLDTBXH, Article 7
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	1. One (01) out of 05 observed canteen workers did not wear a face mask properly while cooking food. The mask is pulled down below the chin instead of covering the mouth and nose. 2. The factory provides the chemical spill response training and chemical response drill for 23 chemical workers of Workshop 11, 12,13. However, based on training photos, it is noted that these workers do not wear proper face masks and eye protection glass during the drill.
Recommendation for Immediate Action	1. Require canteen workers to wear proper face masks during process and serve foods. 2. Training workers to wear masks and eye glasses well in drill.

Compliance Classifications	Immediate Action Required
Local Law	Law No.84/2015/QH13 on Health and Safety, Article 6.
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	The factory does not provide the chairs with backrest for all workers who sit for working (Sewing workers Workshop 11, 12, 13, 14); Noted: Pregnant workers are provided with backrest chairs.
Recommendation for Immediate Action	Provide the chair with backrest to all eligible workers.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor code 2019, Article 134.

Hours Of Work (HOW)

Benchmark ID	HOW.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning hours of work, public holidays and leave.

Finding Details	It is noted that the factory provides one-hour feeding break per day for female workers, who have a baby less than 12-month old, as per legal requirement. If unwilling to take the feeding break per day, they can continue working. Workers will work till 5:15pm. The factory does not control their overtime working hours from 3:15 pm to 5:15 pm per day. Their normal working hours are from 7:15 am to 3:15 pm. This practice results in these workers working overtime more than legal requirement of 40 hours per month. These sample workers worked overtime from 41 hours to 54 hours in a month from January 2021 to July 2021. From August 2021, the female nursing workers did not work overtime and take one-hour feeding break.
Recommendation for Immediate Action	Control and record the monthly overtime of all workers within the legal limit of 40 hours per month.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 107
Benchmark ID	HOW.11.1
Benchmark Details	Employers shall provide workers with paid annual leave as required under national laws, regulations and procedures.
Finding Details	It is noted that the factory paid less than the legal requirement for unused annual leave in 2020 for two sample workers. The factory pays only 1.5 unused annual leave for these two workers, who joined the factory on November 2, 2020. According to the legal requirement, the factory should pay at least two unused annual leave days for two these workers. Remark: Factory sent the photo evidence after the assessment which showed that the factory calculated to pay back for two affected workers with total amount VND296,422 on November 9, 2021.
Recommendation for Immediate Action	Review the annual leave calculation method and pay the annual leave properly.
Compliance Classifications	Immediate Action Required

Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 113
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	The was no a mechanical system to record the exact time-in and time-out of the subcontracted workers. There are 07 cleaners, 03 security guards and 10 loading workers working at the factory. The working hour of these workers was recorded manually with the daily time-in and time-out indicated.
Recommendation for Immediate Action	Install a mechanical system to record the working hour of the subcontracted workers .
Compliance Classifications	Immediate Action Required
Local Law	Nil

