

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

20 Jul 2022



Factory Information

FLA Affiliates	Branded Custom Sportswear, Inc,Fanatics Apparel LLC,Nike, Inc
Country	Vietnam
Number of Workers	970

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

Compensation (C)	1
Employment Relationship (ER)	2
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	6

Assessment Information

Assessor	SCSA
Assessment Date	20 Jul 2022
Assessment Purpose	Factory Assessment (In-Person)

ASSESSMENT RESULTS

Compensation (C)

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	Based on the wages scale at the facility, level 1 of unskilled workers are defined as cleaner, helper at sewing and cutting section with the set of wages as VND4,824,000. The next level of skill workers, including sewing workers was with basic wages of VND4,970,000. Although it is not defined as unskilled workers, sewing trainees received VND4,824,000 instead of VND 4,970,000, after they finished initial training period. Despite it is not a violation of law, there is no sewing trainee position mentioned in any document, including wages scales at the facility.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Employment Relationship (ER)

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	The factory has annual performance and skill enhancement review system. However, some of these performance and skill enhancement review were not properly completed. For instance, the comment or conclusion from either Leader/Sewing Manager/ Production manager/ and HR manager was missing. There were at least 77 sewing workers on Trainee/Unskilful status and were paid at basic salary level of wages since the first day they joined back in 2015 and 2019 till the audit day as the annual performance and skill enhancement was not properly carried out
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	Per provided factory information and document review: the factory was using one subcontractor in production processes for printing and embroidery and two service providers for security and canteen services: 1) The factory does not have an effective system to monitor the compliance status of the service contractors as well as subcontractor The factory did not conduct any internal audit for contractors and subcontractors. 2.) There was no written commitment from service contractor and subcontractor to ensure that they follow the FLA and Nike COC.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Freedom Of Association And Collective Bargaining (FOA)

Benchmark ID	FOA.15
Benchmark Details	Worker representatives shall have the facilities necessary for the proper exercise of their functions, including access to workplaces and office space where required by law.
Finding Details	The factory does not provide office space for union representatives.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Health, Safety And Environment (HSE)

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	Emergency lights were insufficiently installed along evacuation routes, especially at warehouse and sewing workshops and not guaranteed to be at least 1 light for each 30m as required by law.
Recommendation for Immediate Action	Install emergency lights throughout the evacuation routes as per legal requirements and ensure regular inspection is carried out.
Compliance Classifications	Immediate Action Required

Local Law	In accordance with the Decision No. 2726/BKHCN, Article 10. Equipment, placement, checking and maintenance of means of rescue, means of emergency lighting and emergency exit instructions, conventional demolition tools and protection means against smoke 10.1.5. The emergency light and exit light should have a redundant power supply to ensure a minimum operation time of at least 2 hours. The emergency light has initial light intensity of 10 lux on average and the minimum light intensity at any point of time along the escape way measured not less than 1 lux. The exit light must be clearly visible to the word "EXIT" or other appropriate word from a minimum distance of 30 meters in normal lighting conditions (300 lux) or upon occurrence of incident (10 lux).
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	There were missing needle guards/ eye guards on at least 2 high speed machines at sewing section.
Recommendation for Immediate Action	Ensure that all the machines are with proper guards and regular inspection shall be carried out.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with the Law on Occupational Safety and Hygiene, No. 84/2015/QH13, Article 16. Responsibility of the employer for assurance of occupational safety and hygiene at the workplace 2. Machinery, equipment, materials and substance shall be used, operated, maintained and preserved at the workplace in conformity with technical standards of occupational safety and hygiene, or technical regulation on occupational safety and hygiene that promulgated, applied and internal regulations and process for assuring occupational safety and hygiene at the workplace.
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	There was a fire extinguisher at dormitory with insufficient pressure. Additionally, at least 4 fire extinguishers at parking area 1 and 3 were fully obstructed by motorbikes.
Recommendation for Immediate Action	Ensure that all fire extinguishers are regularly inspected and free from obstruction.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with the Vietnam Standard 7435 - 2:2004 ISO 11602 2:2000, 4. Maintenance inspection and recharged & In accordance with the Vietnam Standard 7435-1:2004 (5.4) PCCC – Portable fire extinguisher: Fire extinguisher must not be obstructed and visible.
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-There were 3 minor cracks on the mezzanine's floor, where was used for accessories storage. Building safety certification dated on 3 June 2015 and issued by construction consultant service was provided for review; however, the certification was not covering this area of the mezzanine floor. Besides, the factory inspection checklist on building structure/construction for building safety from January 2022 to June 2022 were provided for review; but the incident was not mentioned in records. 2- There was missing loading limit signs at 2 mezzanines, which were used for finished goods storage and accessories storage.
Recommendation for Immediate Action	1-Engage with a qualified party to carry out stability check periodically for the mezzanine areas to ensure that it is structurally sound. 2-In addition, loading limit shall also be posted out at the respective areas.

Compliance Classifications	Immediate Action Required
Local Law	In accordance with the Labor Code (2019), Article 134. Ensuring occupational safety and health at the workplace 1. Employers shall fully implement the measures for ensuring occupational safety and health at the workplace.
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	Workers who were working with chemical at removal room and pad-printing section were not wearing protective gloves.
Recommendation for Immediate Action	Ensure all workers are wearing proper protective gloves while handling the chemicals.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with the Law on Occupational Safety and Hygiene, No. 84/2015/QH13, Article 23. Personal protective equipment 1. Every employee who does dangerous or harmful works shall be adequately provided with personal protective equipment by the employer and he/she is required to use it during the course of work.
Benchmark ID	HSE.5.2
Benchmark Details	Workers shall be trained in evacuation procedures.
Finding Details	It was noted that at least 3 out of 3 checked evacuation maps were not reflected the actual layout.
Recommendation for Immediate Action	It is recommended that facility shall ensure that evacuation maps are reflecting the actual layout of the facility.
Compliance Classifications	Immediate Action Required

Local Law

In accordance with the Circular No. 149/2020/TT-BCA, Article 5. Fire safety regulations, fire escape plans, fire prevention and fighting instruction signs, signage and prohibition signs

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