

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

22 Aug 2022



Factory Information

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| FLA Affiliates | Fenix Outdoor AB |
| Country | Vietnam |
| Number of Workers | 480 |

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

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| Compensation (C) | 6 |
| Employment Relationship (ER) | 17 |
| Freedom Of Association And Collective Bargaining (FOA) | 2 |
| Harassment Or Abuse (H/A) | 2 |
| Health, Safety And Environment (HSE) | 18 |
| Hours Of Work (HOW) | 5 |
| Nondiscrimination (ND) | 1 |

Assessment Information

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| Assessor | Openview - Vietnam |
| Assessment Date | 22 Aug 2022 |
| Assessment Purpose | Factory Assessment (In-Person) |

ASSESSMENT RESULTS

Compensation (C)

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| 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) Three out of 20 sampled workers (all of whom worked in the sewing section) did not participate in social insurance in February 2022, despite being legally required to participate due to having less than 14 days of unpaid leave in that month. (2) The factory does not post information on the employer's social insurance contributions once every six months, nor does it post information on the employees' contributions annually, as legally required. |
| Recommendation for Immediate Action | (1) Provide training on social insurance requirements and contributions to relevant staffs and all workers. (2) Review to ensure that participation in social insurance aligns with the legal requirement: workers who work or receive salary for at least 14 working days in a month must pay social insurance contributions in that month, and those who work for less than 14 days are not required. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Decision No. 595/QD-BHXH, Article 42, Point 4. |
| 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. |

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| Finding Details | <p>(1) The assessment was unable to verify that the factory calculates wages and payments accurately, due to inconsistencies noted in the record entries for working hours and overtime. See finding HOW.22.5 for details. (2) The factory does not pay piece-rate workers for non-production time (including 0.1 hours/day for short break time; 2.5 hours of social dialogue on March 31, 2022; 2.5 hours of social dialogue on June 30, 2022; 2.5 hours of employee conferences on May 14, 2022). Local law requires employers to pay these workers for those periods on the normal hourly wage basis. (3) The assessment found two instances in which workers were not paid properly during COVID-19-related work stoppages: - During work suspensions imposed by local authorities due to the COVID-19 pandemic from July 2021 to December 2021, the factory paid workers VND2,000,000 instead of at least the minimum wage for the first 14 days. The minimum wage would have amounted to $VND3,920,000/26 \times 14 = VND2,110,769$. Local law required paying the minimum wage during this period. The factory could not specify the number of workers affected by this practice. - Workers who could not implement the factory's "3 Onsite" scheme during the period July 26-August 13, 2021 due the COVID-19 pandemic received unpaid leave instead of being paid at least the minimum wage for the first 14 working days as legally required. The factory could not specify the number of workers affected by this practice. Factory management explained that they negotiated verbally with all workers to use unpaid leaves if workers could not implement the "3 Onsite."</p> |
| Recommendation for Immediate Action | <p>(1) Accurately record the number of hours worked to make timely and accurate payments. (2) Re-calculate and pay the compensation for piece-rate workers' non-production time, as per legal requirements. Provide training on this change to relevant staff.</p> |
| Compliance Classifications | Immediate Action Required |
| Local Law | <p>1. Decree No. 145/2020/ND-CP, Article 58, Point 2 and Article 54. 2. Vietnam Labor Code No. 45/2019/QH14, Article 99</p> |
| Benchmark ID | C.9.3 |
| Benchmark Details | <p>Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country</p> |

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| Finding Details | Three out of the 20 sampled workers (all of whom are security guards) received insufficient compensation for working hours on holidays. The factory paid these workers 100% of the piece rate wage and 200% of the VND150,000 holiday rate for work on April 10, 2022 (Hung Kings Commemoration Day); April 30, 2022 (Victory Day); and May 1, 2022 (International Labor Day). Local law, however, requires 300% of the piece rate wage for holiday working hours. Due to this error, the workers were underpaid by amounts between VND55,440 to VND72,289 in April and May 2022. |
| Recommendation for Immediate Action | Re-calculate and pay the holiday compensation properly to workers. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Decree 145/2020/ND-CP, Article 55. |
| 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 | The factory's wage and benefits policy allows management to deduct VND100,000/month from workers' wages as consequence for failing to implement the factory's '5S' policies. Seven out of 20 sampled workers had VND100,000 deducted from their wages in May 2022. This practice is not aligned with legal requirements regarding wage deductions. |
| Recommendation for Immediate Action | (1) Stop the practice of illegal wage deductions. (2) Provide training regarding this change to relevant staffs and workers. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Vietnam Labor Code No. 45/2019/QH14, Article 102 |
| Benchmark ID | C.15.1 |

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| Benchmark Details | Employers shall provide workers a pay statement in languages understood by workers each pay period and not less frequently than once a month, |
| Finding Details | The factory does not provide pay slips to all workers each pay period. The factory distributes payroll records for each line and section; workers check these records before receiving their wages. |
| Recommendation for Immediate Action | Provide a pay slip to all workers for each pay period. Per the FLA Code, this pay slip must include: earned wages, details of wage calculations, hours worked, regular and overtime pay, bonuses, deductions, and the final total wage. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Vietnam Labor Code No. 45/2019/QH14, Article 95. |
| Benchmark ID | C.13.1 |
| Benchmark Details | Voluntary wage deductions, including for savings clubs, loan payments, union membership dues, or any other union fees, can only be made with the express and written consent of individual workers unless (in the case of union dues and fees) specified otherwise in freely negotiated and valid collective bargaining agreements. In all cases, voluntary wage deductions must fall within the limits and conditions specified by law |
| Finding Details | The factory does not maintain written records to document that workers have given express and written consent for any deductions of union fees. |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |

Employment Relationship (ER)

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| Benchmark ID | ER.17.5 |
| Benchmark Details | Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce. |
| Finding Details | There are no records to demonstrate that the factory has a comprehensive system for tracking worker grievances to follow up and inform workers about the grievance results. |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |
| 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 | (1) The factory's employment contracts with workers lack key elements that are required by local law: (a) The workers' gender, phone number, and email (if any) or the employer's email. (b) All benefits provided to workers such as childcare allowance, attendant allowance, supporting allowance, 5S bonus. (c) The lunch break time from 11:10 to 12:10. (d) The wage format (piece rate, hourly, fixed salary, etc.) and means of payment. (2) The factory provided workers whose basic wages increased in November 2021 with an official decision letter signed by factory management, but did not annex the labor contract to these forms. |
| Recommendation for Immediate Action | (1) Update employment contracts to include all elements required by local law. |

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| Compliance Classifications | Immediate Action Required |
| Local Law | Circular No. 10/2020/TT-BLDTBXH, Article 3 |
| 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) The factory has not developed written policies and procedures on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers. (2) The factory has not clearly defined the qualified staff responsible for social compliance issues at the workplace. Three staff members from factory management and human resources joined the assessment, but there is no compliance organization chart or appointment letters to specify each person's compliance-related responsibilities. |
| 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 | The factory does not have a system to train supervisors on the FLA Code elements and Employment Functions. |
| Recommendation for Immediate Action | |

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| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |
| Benchmark ID | ER.17.1 |
| Benchmark Details | Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives. |
| Finding Details | The factory's policy and procedures for grievance lack key elements such as steps, timeline, and responsible person/s. The policies and procedures do not address the concept of anonymous grievances. |
| 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. |

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| Finding Details | (1) The factory has established a policy for recruitment, but has not developed procedures for hiring and employment. (2) The factory has procedures to remediate the issue of child labor. However, the procedure lacks sufficient detail on the required steps, timeline, and assigning responsibility for implementation. (3) The factory has not developed policies and procedures to govern all aspects of retrenchment. (4) The factory has not developed written job descriptions for all positions in the factory to use during hiring and recruitment or for personal development. |
| 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 | (1) The factory lacks procedures on labor discipline to specify steps, timelines, and responsible persons for implementation. (2) The factory has not conducted training for supervisors on the policies and procedures for worker grievance and labor discipline. (3) The factory's Internal Labor Regulation (issued and registered with the local authority on April 4, 2021) lacks key elements that are required by law, including persons having the right to claim compensation; decontamination and disinfection at the workplace; break times for the three working shifts of the security guards; working time and rest time for the canteen staff; and the lunch break time (11:10 to 12:10) for the normal working shift. |
| Recommendation for Immediate Action | (1) Update the internal labor regulation to include all key elements required by local law. |

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| Compliance Classifications | Immediate Action Required |
| Local Law | Decree No.145/2020/ND-CP, Article 70. |
| 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 does not have a system to provide ongoing training to workers for the purposes of personnel 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 | The factory has not developed a system to implement performance reviews with defined steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirements. |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |

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| Local Law | |
| 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 | The factory lacks policies and procedures on promotion, demotion, and job reassignment. |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |
| Benchmark ID | ER.4 |
| Benchmark Details | Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas. |
| Finding Details | There are no policies, procedure, or records to demonstrate that the factory has a system to provide regular communication to workers on all FLA Code Elements and Employment Functions. |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |

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| 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 | (1) Two out of the 20 sampled workers (who work in the cutting section and inspecting section) spent 31 days in a probationary period when first hired, instead of the maximum 30 days of probation as per local law. (2) The factory lacks job descriptions or detailed instructions to specify positions/jobs requiring a secondary vocational certificate or professional secondary education; positions for technicians; and positions skilled employees in order to apply probation appropriately as per law. |
| Recommendation for Immediate Action | (1) Follow local law by limiting the probation period to a maximum of 30 days for skilled workers such as cutting and inspection workers. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Vietnam Labor Code No. 45/2019/QH14, Article 25. |
| Benchmark ID | ER.15.3 |
| Benchmark Details | Employers shall not demand that workers sign any declaration of good health, waivers or releases of other rights as a condition of receiving severance pay or other legal benefits* from the company, and shall not threaten to withhold benefits if workers do not sign. |
| Finding Details | The factory does not calculate the severance allowance for resigning workers correctly. The factory does not include maternity leave periods in the calculation of total working tenure. The factory could not specify the number of workers affected by this error. |
| Recommendation for Immediate Action | Include periods of time in which workers do not participate in unemployment insurance, such as maternity leave, when calculating severance payouts per legal requirements. |

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| Compliance Classifications | Immediate Action Required |
| Local Law | Vietnam Labor Code No. 45/2019/QH14, Article 46 and Decree No. 145/2020/ND-CP, Article 8, Point 3. |
| 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 | The factory does not have a system to provide orientation training to new workers covering all FLA Code elements. The factory explained that the orientation training mostly addresses working hours, wages, and benefits. However, the factory does not maintain training materials or training records with worker signatures to verify this orientation training. |
| 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. |

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| Finding Details | (1) The factory lacks a policy and mechanism to conduct regular reviews of policies and procedures, ensure alignment with FLA Code elements and Employment Functions, and make updates if necessary. (2) There is no policy, procedure, or mechanism for consulting or integrating workers in decision-making processes affecting their workplace and working conditions (e.g., creation or revision of policies and procedures, changes on production processes, hours of work, etc). |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |
| Benchmark ID | ER.18.3.4 |
| Benchmark Details | Records of disciplinary action must be maintained in the worker's personnel file. |
| Finding Details | The labor disciplinary records are not maintained in the worker personal files. The discipline records are kept separately. |
| 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. |

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| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |
| 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 | (1) The social dialogues conducted on March 31, 2022 and June 30, 2022 did not include sufficient numbers of workers and employer representatives to meet the legal requirement. There were only two representatives for the employer (instead of at least three) and only four representatives of workers (instead of at least 14) participating. (2) The factory did not implement the bargaining process required by local law before signing a Collective Bargaining Agreement (CBA). The factory negotiated with two trade union representatives and 15 union line leaders, instead of conducting a survey and securing agreement from 50% of employees as required by law. |
| Recommendation for Immediate Action | (1) Conduct social dialogues with a sufficient number of workers and worker representatives as per local law. (2) Implemented a bargaining process in keeping with local law before signing a Collective Bargaining Agreement (CBA). |
| Compliance Classifications | Immediate Action Required |
| Local Law | Decree No.145/2020/ND-CP, Article 38. Vietnam Labor Code No. 45/2019/QH14, Article 82. |

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| Benchmark ID | FOA.2 |
| Benchmark Details | Workers, without distinction whatsoever, shall have the right to establish and to join organizations of their own choosing, subject only to the rules of the organization concerned, without previous authorization. The right to freedom of association begins at the time that workers seeks employment and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. |
| Finding Details | FLA comments: Vietnam has not ratified ILO Convention 87. Under Vietnamese law, all unions are required to affiliate with a 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)

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| Benchmark ID | H/A.6 |
| Benchmark Details | Employers shall not use any form – or threat – of psychological abuse, such as forcing workers to sign letters of self-criticism or posting names of workers subject to disciplinary measures as a means to maintain labor discipline. |

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| Finding Details | Workers who violate internal regulations are required to sign a written self-criticism letter and commit not to repeat the violation. |
| Recommendation for Immediate Action | Stop the practice of requiring workers to write self-criticism during the discipline process. |
| Compliance Classifications | Immediate Action Required |
| Local Law | |
| 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 policy and procedure on harassment and abuse do not specify a system or mechanism for disciplining supervisors, managers, and workers who engage in harassment or abuse. The factory's labor rules only mention disciplinary measures for perpetrators of sexual abuse. |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |
| Health, Safety And Environment (HSE) | |
| Benchmark ID | HSE.6.2 |

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| Benchmark Details | A sufficient number of workers shall be trained in first aid and firefighting techniques. Training shall be upon hire and with periodic refresher training. |
| Finding Details | The factory does not conduct annual training courses on fire prevention and firefighting operations for the firefighting team, as legally required. The last such training was on April 23-24, 2021. |
| Recommendation for Immediate Action | Provide refresher trainings to the fire team, as per local law. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Decree No. 136/2020/ND-CP, Article 33. |
| 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) Both of the two emergency exit doors at the technical room are sliding doors, instead of doors that open outwards as legally required. (2) The assessment observed that for at least five sewing workers in the main sewing line, piles of products partially blocked the paths to exit their workspaces. |
| Recommendation for Immediate Action | (1) Change these sliding doors to outward-opening emergency exit doors. Review and ensure that all emergency exit doors open outwards and are unlocked during working hours. (2) Ensure that all workers have sufficient and unblocked exit aisles to escape in case of emergency. |
| Compliance Classifications | Immediate Action Required |

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| Local Law | 1. QCVN 06:2021/BXD-CSXD, Point 3.2.3 2. QCVN 06:2021/BXD. Vietnam Building Code on Fire Safety of Buildings. Clause 3.1.1 |
| 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) At least three emergency lights installed at the canteen, warehouse, and technical room were not illuminated when randomly tested during the assessment. In addition, there is no emergency light installed at the fire water pump and at one exit door in sewing workshop. (2) One exit sign at the canteen was not illuminated at the time of inspection. In addition, at least three exit signs at the warehouse and finishing workshop were not fully functioning (illuminated, but only dimly) during the assessment. |
| Recommendation for Immediate Action | (1) Install emergency lights at the fire water pump and exit door as legally required. (2) Conduct monthly checks to ensure that all exit signs and emergency lights are illuminated at all times. |
| Compliance Classifications | Immediate Action Required |
| Local Law | TCVN 3890:2009, Point 10.1.5. |
| 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 | (1) Seven out of ten fire alarms installed at sewing workshop #2, the canteen, and the finishing workshop were not functional during random tests on the assessment date. (2) One heat detector in the kitchen and two smoke detectors in the sewing workshop are broken and have not been replaced. (3) There is no fire alarm button installed at the main office and only one fire alarm installed at the canteen instead of two as required by law. |

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| Recommendation for Immediate Action | (1) Regularly inspect the whole fire alarm system at least once a month. (2) Replace all broken fire detectors with functional ones immediately. (3) Install sufficient fire alarms and buttons at the main office and canteen. |
| Compliance Classifications | Immediate Action Required |
| Local Law | TCVN 3890:2009, Article 6.1.1 & TCVN 5738:2021, Article 7.2. |
| 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 | There are at least three chemical containers (containing machine oils, paints, and alcohol) kept near the air-compressor area. Materials in the warehouse are put directly on the floor instead of into secondary containers. |
| Recommendation for Immediate Action | Provide secondary containers for all chemicals used and stored in the factory. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Law on chemicals, Article 21. |
| 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. |

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| Finding Details | The factory could not provide an approval document for the environmental protection scheme established in 2009. Factory management explained that the original version of the environmental protection scheme and approval document were lost. The factory is now in the process of contacting the Hoi An Municipal People's Committee for re-issuing. |
| Recommendation for Immediate Action | Contact the local authority to obtain the environmental protection document as per law. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Law on Environmental Protection 2020, Article 42. |
| 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 | The factory has not established a management procedure for heat stress. The factory does not have a list of potential high temperature areas (such as ironing section or boiler room) or a list of identified improvement measures. |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |
| Benchmark ID | HSE.14.1 |
| Benchmark Details | All production machinery, equipment and tools shall be properly guarded and regularly maintained. |

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| Finding Details | <p>(1) The storage shelves for materials lack posted load/weight limits. In addition, the factory has not conducted inspections for the storage shelves and mobile ladders used at the material warehouse. (2) There are two fabric spreading machines at the cutting section without sensor devices to avoid hitting workers during operation. There is one glue pressing machine with a heating elements that lacks a safety cover and warning sign. In addition, most of the factory's warning signs are not in the local language. (3) The factory has not yet established a management procedure for lockout-tagout (LOTO). In addition, factory has not provided LOTO devices for maintenance staff.</p> |
| Recommendation for Immediate Action | <p>(1) Conduct inspections for all ladders used in the factory. (2) Install machine guards and sensors to ensure safe operation. Provide safety covers and warning signs in the local language for all machines. (3) Implement the LOTO program for relevant sections and workers.</p> |
| Compliance Classifications | Immediate Action Required |
| Local Law | <p>1. Law on Occupational Safety and Hygiene 2015, Article 16. 2. Law on Occupational Safety and Hygiene 2015, Article 16.</p> |
| Benchmark ID | HSE.6.1 |
| Benchmark Details | <p>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.</p> |
| Finding Details | <p>(1) The factory does not ensure that all fire extinguishers are inspected at least once a year by an external qualified contractor, as required by law. The last inspection was on December 2, 2020. Furthermore, at least three fire extinguishers at the canteen and the boiler room do not receive factory-conducted inspections once every 30 days. The last such inspection was on May 26, 2022. (2) The fire water pump system receives factory-conducted inspections once per month, instead of once per week as legally required. In addition, the factory does not check and record the level of fire-fighting water once every week, as required by law.</p> |

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| Recommendation for Immediate Action | Inspect all fire extinguishers and fire water pumps on time as per legal requirements. Maintain all documentation. |
| Compliance Classifications | Immediate Action Required |
| Local Law | 1. TCVN 7435-1:2004, Point 4.3.1 & TCVN 7435 - 2:2004, Point 4.2.1. 2. TCVN 3890: 2009, Point 8.3.2. |
| 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) The factory has not registered the machines in the factory with specific occupational health & safety legal requirements with the local authority. There is one air-compressor, one air-compressor tank, and one centralized boiler used at the factory. (2) The factory has not engaged a qualified contractor to conduct a technical inspection for the hot steam pipeline system and the metal piping systems carrying compressed air, as legally required. (3) The wastewater discharge permit has been expired since November 16, 2021. The wastewater is pre-treated by an onsite wastewater treatment plant, then connected to the Hoi An Municipal centralized wastewater treatment plant. However, the factory could not provide the wastewater connection & treatment contract for review. Factory management explained that they already sent an official letter to Hoi An Municipal People's Committee, but have not yet received a response. |
| Recommendation for Immediate Action | (1) Register all machines with local authorities where required. (2) Conduct technical inspection for hot steam piping system. (3) Check with the local authority to obtain the waste water discharge permit, environmental permits as per local law. |
| Compliance Classifications | Immediate Action Required |

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| Local Law | Decree 44/2016/NĐ-CP, Article 16.; Law on Occupational Safety and Hygiene 2015, Article 31 & Circular 08/2021/TT-BLDTBXH, Article 01; Decree 08/2022/NĐ-CP, Article 49. |
| 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 assessment observed visible cracks in at least seven areas, including the main office, technical room, and sewing and finishing workshops. These cracks require the factory to check and inspect for building safety. (2) Hazardous waste is not stored separately from other waste in the waste storage area. In addition, there is no label or warning sign posted at the waste storage area. (3) Based on the factory's environmental monitoring report issued on 3 June 2022, it was noted that: (a) The frequency of environmental monitoring is not sufficient. The factory conducted environmental monitoring once every six months instead of once every three months as required in the environmental protection scheme. (b) Three wastewater categories (COD, total Nitrogen, & total Phosphorus) are not tested as required in the environmental protection scheme. |
| Recommendation for Immediate Action | (1) Conduct maintenance/repairs for the visible cracks in all buildings. Regularly check, or invite a qualified third party to inspect, building quality. (2) Store hazardous waste separately from other wastes and label the waste storage areas. (3) Conduct regular environmental inspections with all elements as required by local law. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Law on occupational safety and hygiene 2015, Article 16 & Circular 10/2021/TT-BXD, Article 17.; Decree 08/2022/NĐ-CP, Article 68.; Law on Environmental Protection 2020, Article 37. |
| Benchmark ID | HSE.14.3 |

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| 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) There is no safety cover and no warning sign posted at the hot water storage tank in the boiler room, posing a risk of burns and scalding. (2) There is no fence around the air compressor area near the finishing workshop. The compressor area also lacks posted operating instructions and relevant warning signs such as "no smoking," "no flames," and "no unauthorized access." |
| Recommendation for Immediate Action | (1) Equip a safety cover and warning sign for tanks with hot water. (2) Install fencing and warning signs for the air compressor area. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Law on Occupational Safety and Hygiene 2015, Article 16. TCVN 9455:2013, Article 8.1. |
| Benchmark ID | HSE.29 |
| Benchmark Details | Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas. |
| Finding Details | (1) The factory has not established management procedures for work in confined spaces. There is no list of confined spaces or warning signs posted near the confined spaces (such as the boiler chamber and underground storage tank). (2) The assessment observed two workers from the construction contractor working at heights without personal protective equipment such as protective seatbelts and helmets. There is no person-in-charge of monitoring contractor safety onsite. |
| Recommendation for Immediate Action | (1) Ensure all onsite workers are trained and use PPE. (2) Communicate PPE regulations to all workers and regularly check implementation. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Law on Occupational Safety and Hygiene 2015, Article 16. |

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| 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 | (1) There was no MSDS for the chemical coded "FS600" at the time of the assessment. Three out of four MSDS reviewed included only five to nine items, instead of the 16 items that are legally required. There are at least four chemical bottles at the sewing workshop that are not labeled and posted with relevant MSDS. (2) The factory has not yet conducted a chemical spill or leakage drill for the workers working/contacting with chemicals. |
| Recommendation for Immediate Action | (1) Post MSDS for all chemicals in use, ensuring that MSDS are in the language/s understood by the workforce and contain all legally required elements. (2) Conduct the chemical spill/leakage drills for workers. |
| Compliance Classifications | Immediate Action Required |
| Local Law | TCVN 5507:2002, Point 4.1.2. & Circular 32/2017/TT-BCT, Article 6. |
| Benchmark ID | HSE.18.3.1 |
| Benchmark Details | Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. |
| Finding Details | The factory does not have a log to track the expiration date of the medicines that are in stock. |
| Recommendation for Immediate Action | Conduct regular inspection to check the expiration date of the medicines that are in stock. |
| Compliance Classifications | Immediate Action Required |
| Local Law | |

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| 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 records for occupational accidents are incomplete. There are no minutes for meetings to announce the occupational accident investigation, records of victim testimonies, or accident photos, which are required by law. In addition, the factory does not conduct root cause analysis and proactive actions to prevent future accidents. |
| Recommendation for Immediate Action | As required by local law, conduct post-accident meetings, investigations, and remediation. Keep all relevant records for review. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Decree 39/2016/ND-CP, Article 16. |
| 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 assessment observed that the metal gloves provided to cutting workers are oversized and do not fit properly. The factory has not conducted an evaluation of the PPE provided to workers to ensure fit and proper functioning. |
| Recommendation for Immediate Action | Provide appropriate PPE to workers. Evaluate to ensure that PPE is properly functioning. |

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| Compliance Classifications | Immediate Action Required |
| Local Law | Law on Occupational Safety and Hygiene 2015, 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 chairs with backrests to all sewing workers. |
| Recommendation for Immediate Action | Review and provide chairs with backrests to sewing workers. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Decree No. 136/2020/ND-CP, Article 11. |

Hours Of Work (HOW)

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| 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 | The factory does not have an effective system to receive notice when workers are pregnant and ensure that pregnant workers performing highly laborious, toxic, or dangerous work have their working hours reduced. Under local law, pregnant workers performing these tasks must have their work reduced by one hour per day with full pay and benefits. One sampled worker in the warehouse section notified the factory of her pregnancy for the first time when she was already 22 weeks pregnant. |

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| Recommendation for Immediate Action | Establish an effective mechanism to monitor the working hours of pregnant workers performing highly laborious, toxic, or dangerous tasks as required by law. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Vietnam Labor Code No. 45/2019/QH14, Article 137, Point 2 and Decree No. 145/2020/NĐ-CP, Article 80, Point 4. |
| Benchmark ID | HOW.22.1 |
| Benchmark Details | Employers shall have in place policies for managing all working hour, overtime, and leave records in normal and exceptional circumstances. |
| Finding Details | The factory has policies on hours of work and overtime control, including exceptional circumstances, but has not developed procedures. |
| Recommendation for Immediate Action | |
| Compliance Classifications | Sustainable Improvement Required |
| Local Law | |
| Benchmark ID | HOW.3 |
| Benchmark Details | Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national laws. |
| Finding Details | All four security guards are not provided sufficient time between shifts under local law. After their shifts, these workers receive 8, rather than 12, hours before beginning another shift. |
| Recommendation for Immediate Action | (1) Provide breaks between shifts to security guards that are in line with legal requirement. (2) Provide training regarding this requirement to relevant staffs and security guards. |

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| Compliance Classifications | Immediate Action Required |
| Local Law | Vietnam Labor Code No. 45/2019/QH14, Article 110. |
| Benchmark ID | HOW.22.5 |
| Benchmark Details | Time records maintained shall be authentic and accurate. |
| Finding Details | The assessment noted inconsistencies between the provided time records and the attendance records checked in the factory's working hour monitoring system. (ex. 1) The provided time records for one sampled worker showed the worker performing 147 normal working hours and 9 overtime hours in April 2022. Meanwhile, the records in the monitoring system showed this worker working 144 normal working hours and 35 overtime hours. (ex. 2) Another sampled worker performed 208 normal working hours and 13 overtime hours in July 2022 per the provided records, but the monitoring system showed that worker performing 208 normal working hours and 60 overtime hours. |
| Recommendation for Immediate Action | (1) Maintain accurate and complete time records. (2) Record all working hours with an automated system and pay workers correctly for all hours. |
| Compliance Classifications | Immediate Action Required |
| Local Law | |
| 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. |

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| Finding Details | Sampled records showed that workers are not provided one day off every seven days. In particular, one worker consistently worked seven consecutive days. In all three of April, July, and August of 2022, this worker worked two Sundays, performing up to 13 consecutive days of work. Note: The time attendance records from August 2021 to August 21, 2022 were provided for review. The assessment found that this worker is the main person in charge of boiler operations. Although there are other boiler operators, this worker is the key person for this function. |
| Recommendation for Immediate Action | (1) Review the production capacity and planning to ensure that workloads do not create pressure to skip rest days. (2) Ensure that all workers are provided with at least one day off in every 7 day period. |
| Compliance Classifications | Immediate Action Required |
| Local Law | Vietnam Labor Code No. 45/2019/QH14, Article 111. |

Nondiscrimination (ND)

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| Benchmark ID | ND.3 |
| Benchmark Details | Recruitment and employment policies and practices, including job advertisements, job descriptions, application and interview questions and job performance/evaluation policies and practices shall be free from any type of discriminatory bias. |
| Finding Details | The recruitment notice issued on February 8, 2022 indicates that the factory seeks workers from 18 to 35 years old. The factory's employee roster from February 2022 through the assessment date shows that in practice, the factory does hire workers who are over 35 years old. However, the text of the notice poses a risk of discrimination. |
| Recommendation for Immediate Action | (1) Remove the content of age discrimination from the recruitment notice; (2) Provide training regarding to non-discrimination to relevant staffs and all workers. |

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| Compliance Classifications | Immediate Action Required |
| Local Law | Vietnam Labor Code No. 45/2019/QH14, Article 8. |

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