

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**11 Sep 2023**



## Factory Information

FLA Affiliates	Yee Tung Garment Co., Ltd
Country	Vietnam
Number of Workers	1396

## 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)	4
Employment Relationship (ER)	5
Freedom Of Association And Collective Bargaining (FOA)	1
Health, Safety And Environment (HSE)	14
Hours Of Work (HOW)	4

## Assessment Information

Assessor	OneStep Viet Co., Limited
Assessment Date	11 Sep 2023

Assessment Purpose	Factory Assessment (In-Person)
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## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country
Finding Details	The outsourced security guards were not paid as per legal requirement, with details as follows: a. The responsibility allowance of one person was not included in the calculation of overtime payment, night shift allowance and contribution fee of mandatory insurance as per legal requirement; b. The overtime payment at night time of public holiday was not calculated correctly. For instance, person A worked at night shift from 22:00 to 06.00 in period of April 28 - 29, 2023 (April 29 was public holiday). The overtime payment was calculated 130% for 8 working hours instead of 130% for 2 working hours + 390% for 6 working hours as legal requirement.
Recommendation for Immediate Action	Overtime premium rate shall be calculated and paid sufficiently.
Compliance Classifications	Immediate Action Required
Local Law	Article 93, 96 and 98 of Vietnam Labor Law 2019 and Article 55 of Decree 145/2020/ND-CP
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	1) The factory did not pay contribution fee on time for mandatory insurance in period of June 2023 for at least 2 out of 20 sample workers. Those workers worked for 13 days in that month. 2) The factory is using service provider for hiring security guards. Based on payroll documentation, it is found that the provider only paid contribution fee for mandatory insurance for 15 out of 21 outsourced security guards. The impacted months were occurred during past 12 months.
Recommendation for Immediate Action	1) Contact to local department to re-contribute the compulsory insurance for workers as legally required. 2) Contribute mandatory insurance as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Article 85 of Social Insurance Law No. 58/2014/QH13
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	There is no evidence that social dialogue conducted at workplace with workers representative regarding planning for provision of financial assistance on child care allowance costs as legal requirement. As per current practice, child care allowance was provided with rate only VND 10,000/worker/month without considering the number of children the worker has.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Article 82 of Decree 145/2020/ND-CP
Benchmark ID	C.15.1.5

Benchmark Details	Employers shall provide workers a pay statement each pay period and not less frequently than once a month, which shall show bonuses.
Finding Details	Payslip for resigned workers does not contain some of bonuses information such as EQ bonus, housing and transportation allowance and child care allowance.
Recommendation for Immediate Action	Ensure payslip to include bonuses.
Compliance Classifications	Immediate Action Required
Local Law	Labor Code 2019, Art. 95

### Employment Relationship (ER)

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 provide training on FLA Codes for all supervisors/managers including expats.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.1.1

Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	The factory applies the policy on child care support allowance with the regulation that the workers have to apply the birth certificate of their children two times to two different departments (HR and Accounting). In practice, female workers announce to HR department on their pregnancy status and apply birth certificate of their child to be entitled working hours reducing as legal requirement. However, the accounting department shall not count the child care allowance for these female workers into their wage until these female workers have to apply one more copy of the birth certificate of their child. This process is not reasonable for workers and there is no legal requirement on this practice as well. As the result, at least 10 out of 15 sampled female workers do not have the child care allowance due to this unreasonable requirement from the factory.
Recommendation for Immediate Action	1) Provide sufficiently childcare allowance for all workers who meet the condition of law; 2) Conduct internal communication between HR and Accounting department to ensure that workers do not have to apply two times of documentation.
Compliance Classifications	Immediate Action Required
Local Law	Article 82 of Decree 145/2020/ND-CP
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 policies and procedures and implementation practices on personnel development 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 workplace or beyond.
Recommendation for Immediate Action	Provide training/program to worker with the goal of raising or broadening workers' skills so they can advance in their careers.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 45/2019/QH14 On Labor code, Article 60
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 does not have policies and procedures and implementation on performance reviews that include steps and processes, linkages to job grading, non-discrimination, written feedback.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.12



Benchmark Details	For any contract/contingent/temporary worker who becomes a permanent employee, seniority and other fringe benefits eligibility must be dated from the first date as a contract/contingent/temporary worker and not from the first day of permanent employment.
Finding Details	The child care allowance shall be provided with rate VND 10,000/month when the factory receives the birth certificate of the child. However, in practice the factory provides child care allowance for only the wife or the husband in case both of them work in the factory.
Recommendation for Immediate Action	Provide sufficient childcare allowance for all workers who meet the condition of law, no matter what the gender of the worker.
Compliance Classifications	Immediate Action Required
Local Law	Article 82 of Decree 145/2020/ND-CP

## 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	The factory does not pay the trade-union fee on time. As required by law, factory needs to pay the fee on monthly basis or at the same time with mandatory social insurance payment. For instance, the contribution fee for mandatory social insurance of June 2023 was paid on June 30, 2023. However, the factory paid the trade-union fee of June 2023 on July 24, 2023.
Recommendation for Immediate Action	Contribute the trade-union fee to the superior level union on time.

Compliance Classifications	Immediate Action Required
Local Law	Decree No. 191/2013/ND-CP, Article 6, Clause 2
<b>Health, Safety And Environment (HSE)</b>	
Benchmark ID	HSE.6.2
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	Two (2) out of 15 sampled the training records are not reliable and consistent with actual working time of workers. For instance: worker A: The training record of First Aid on 17th March, 2023 (8 hours). However, this worker got sick leave in the same day. Due to this inconsistency, the training records on first aid of the factory are not reliable for reference during the assessment time. Remark: There are 86 members of first aid team are issued the certificates for the first aid training on March 17, 2023. These workers confirm that they do not attend this training.
Recommendation for Immediate Action	The factory is advised to provide first aid training for workers as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Circular No. 19/2016/TT-BYT, Article 9
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 has not conducted fire drill at night time for 7 expats who live in the dormitory. Remark: These expats joined fire drill in September 2022 and May 2023 in day time.

Recommendation for Immediate Action	Ensure that all workers, including all shifts, participate in a full evacuation drill at least annually.
Compliance Classifications	Immediate Action Required
Local Law	N/A
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) All exit aisles are not marked with identification lines and directional sign at canteen (facility No.3). 2) There is no emergency light installed at all (two) exit staircases of sample room (facility No. 3). There are approximately 94 people working on this floor.
Recommendation for Immediate Action	1) Ensure that exit aisles are marked with directional signs and indicating lines. 2) Install emergency light at exit doors/staircases.
Compliance Classifications	Immediate Action Required
Local Law	National Standard TCVN 2622:1995, Article 7, Clause 7 and National Standard TCVN 13456:2022, Article 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) Fire alarm control panel (of facility No. 2) shows an error for zone 8. However, this zone is not used in actual. Remark: the fire alarm system of facility No. 2 is functional during testing. 2) All (2) visual fire alarm of embroidery room are not functional during testing at facility No. 3.
Recommendation for Immediate Action	Ensure fire alarm system is functional.
Compliance Classifications	Immediate Action Required
Local Law	National Standard TCVN 5738:2021, Article 4, 5 and 9
Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	1) Around 100 chemical containers (sodium, lubricant, concrete seal, etc.) are not stored in secondary containment at WWTP and mechanic room (Facility No. 2) and mechanic room (Facility No. 3). 2) Hazardous waste (used fluorescent light bulbs) is stored in hazardous waste storage, however, bulbs are not stored in any containment to ensure the safe storage without damage or tear.
Recommendation for Immediate Action	1) Chemical containers shall be stored in proper secondary containment. 2) Ensure hazardous waste to be stored in safety manner.
Compliance Classifications	Immediate Action Required
Local Law	Circular No. 02/2022/TT-BTNMT, Article 35 and 36
Benchmark ID	HSE.19

Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	The food samples are not kept for at least 72 hours and not more than 4 degree Celsius as per applicable standards. They are kept within 24 hours (and 48 hours for Saturday) and maximum 5 degree Celsius. Remark: This practice is compiled to local legal requirements.
Recommendation for Immediate Action	The food samples are kept at least 72 hours and maintain the cooling temperature for storing at 4 degrees Celsius or lower than 4 degree Celsius as applicable standard.
Compliance Classifications	Immediate Action Required
Local Law	N/A
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) Some electrical cord splices are covered by duct tape at material warehouse (facility No. 2) and production area (facility No. 3). 2) One circuit breaker and some electrical wires are installed on wooden panels at mechanic room (facility No. 2) and could expose the fire risk. 3) The factory does not install GFCI (Ground Fault Circuit Interrupter) devices in wet processing area, such as washing area. Remark: The factory has installed normal circuit breaker instead.
Recommendation for Immediate Action	1) Ensure electrical device/wiring to be safe and electrical cord splices shall not be covered by duct tape. 2) Install GFCI devices for wet environment.
Compliance Classifications	Immediate Action Required

Local Law	Decree No. 136/2020/ND-CP, Article 5
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 mark the traffic lanes and walk paths to ensure safe driving and traffic rules on factory premises. 2) All of 2 observed mobile platforms which used to load the materials to the shelters are not equipped with locking mechanism for the wheels at material warehouse (facility No. 2 and facility No. 3). 3) Door locking mechanism of all of 2 elevators are disabled at the ground floor of material warehouse. 4) It is noted that: a. There are no safety guard provided for moving/rolling part of machines: - One out of five fabric inspection machines. - Around five rolling pressing machines. b. Locker of 8 out of 27 drying machines are broken at washing room. Based on observation, door of one machine is opened during the operation process. 5) The factory has developed the lockout/tag-out (LOTO) program. However, there is no LOTO device installed in place for the implementation.
Recommendation for Immediate Action	1) Mark the traffic lanes and walk paths clearly to ensure safe driving and traffic rules on factory premises. 2) Install wheel locking mechanism for all mobile platform. 3) Ensure safety mechanism of lifting devices functional. 4) Ensure machines to be guarded properly. 5) Implement the lockout/tag-out (LOTO) program.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 84/2015/QH13 on occupational safety and hygiene, 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	All (3) firefighting hoses are fully obstructed by motor bike at parking area of facility No. 3.
Recommendation for Immediate Action	Ensure firefighting equipment is unobstructed.
Compliance Classifications	Immediate Action Required
Local Law	N/A
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	The factory did not obtain some legal permit of the facility: 1. Facility No. 2: - Construction license of boiler area. 2. Facility No. 3: - Fire safety acceptance of whole facility including production/warehouse building and solar energy system. Remark: The appraisal of fire safety design for facility No. 3 and solar energy system were approved on June 14, 2019; March 3, 2020 and July 11, 2022.
Recommendation for Immediate Action	The factory shall obtain legal license of all buildings.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 50/2014/QH13, Article 12 & Law No. 62/2020/QH14, Article 1, Clause 30 and Decree No. 136/2020/ND-CP, Article 15
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) A small amount of wastewater (condensation water from one air compressor tank) which contains chemical (air compressor oil) is leaked on the ground of the air compressor room. 2) The factory does not obtain the document on labour environment sanitation. 3) The occupational condition evaluation conducted on September 28, 2022 were not covered the chemical vapor and/or Volatile Organic Compounds (VOC) at spot cleaning room (except CO2). In addition, based on observation, there were at least two workers using acetone and spot lifter 833 in the room 4) The factory develops a procedure to manage asbestos. However, the asbestos survey and test are not conducted for material that could contain the asbestos, e.g. heat fiber of steam pipeline, as mentioned in this policy/procedure.
Recommendation for Immediate Action	1) Ensure that wastewater shall be treated before being discharged. 2) Obtain legal required document. 3) Make sure that the occupational condition evaluation shall be carried out for all harmful factors at all area potentially affecting the employee. 4) Take proper steps to ensure that workers are not exposed to asbestos.
Compliance Classifications	Immediate Action Required
Local Law	Law on Environmental protection (No. 72/2020/QH14), Article 7; Decree No, 39/2016/ND-CP, Article 3 and 5 and Decree No. 44/2016/ND-CP, Article 35
Benchmark ID	HSE.18.1
Benchmark Details	Medical facilities shall be established and maintained in factories as required by applicable laws.
Finding Details	1) The factory has 3 medical staff. However: - Two of them have not trained and certified on occupational health. - One person is not provided with refresher training in occupational health every 5 years. The last certificate was issued on December 25, 2017. 2) The contract on medical support is not regulated that person from the hospital shall be present at the factory upon the occurrence of emergency within 30 minutes.



Recommendation for Immediate Action	Comply with applicable requirement on medical division: 1) Provide training in occupational health for medical staff. 2) Revise/update the contract on medical support to include all legally required information.
Compliance Classifications	Immediate Action Required
Local Law	Decree No. 39/2016/ND-CP, Article 37 and Circular No. 29/2021/TT-BYT, Art. 3
Benchmark ID	HSE.10.2
Benchmark Details	Workers shall have free access to MSDS.
Finding Details	There is no MSDS posted for around 50 chemical containers (sodium) at wastewater treatment plant (WWTP) (Facility No. 2).
Recommendation for Immediate Action	Post MSDS of chemical at the areas where chemicals are used and stored.
Compliance Classifications	Immediate Action Required
Local Law	N/A
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 for workers performing prolonged sitting jobs (e.g. sewing section).
Recommendation for Immediate Action	Provide chairs with backrest for workers performing prolonged sitting jobs.
Compliance Classifications	Immediate Action Required

Local Law	N/A
<b>Hours Of Work (HOW)</b>	
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	<p>1) According to the attendance record, there are 2 out of 45 sampled workers having time-in from 16 – 45 minutes before the official working time (7:30 a.m.). Based on workers' interview, they sometime work before the official working time. 2) The excessive overtime hours is found during the last 12 months: a. Approximately 15% total of workforce worked overtime for more than 4 hours/day from October to December 2022 and from February to August 2023 which exceeded limitation of daily overtime as legally required. The maximum OT hours are 5.5 hours/day. b. Approximately 48% total of workforce worked overtime for more than 60 hours/month from September 2022 to December 2022 which exceeded limitation of monthly overtime as legally required. The maximum OT hours are 102 hours/month. c. Approximately 48% total of workforce worked overtime for more than 40 hours/month from January to August 2023 (excluding February, 2023) which exceeded limitation of monthly overtime as legally required. The maximum OT hours are 126.5 hours/month. d. Approximately 66.5% total of workforce worked overtime for more than 300 hours/year which exceeded limitation of yearly overtime as legally required. The maximum OT hours are 682.5 hours/year.</p>
Recommendation for Immediate Action	1) Ensure worker to not work before the official working time. 2) Control the overtime hours as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Labor Code 2019, Article 107
Benchmark ID	HOW.10.1

Benchmark Details	Employers shall provide workers with all official public holidays as required under national laws, regulations and procedures.
Finding Details	The factory swaps the compensated day-off of the public holiday in Jan 2023 from 2nd Jan 2023 to 31st Dec 2022 without guidance or approved dispatch from local department. As legal requirement, in case a public holiday falls on an employee's weekly break coincide with a public holiday, the workers shall have compensatory time-off on the next working days. As the result, the factory's practice is not in line with the legal requirement. Remark: factory shares that they have the agreement with all workers on swapping compensated day-off from 2nd Jan 2023 to 31st Dec 2022. Wages and benefits are not impacted.
Recommendation for Immediate Action	Conduct the internal communication with HR team and Top management to ensure that the same practice shall not be re-occurred.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 45/2019/QH14 on Labor code, Article 111 and 112
Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	There are approximately 55% total of workforce worked more than 60 hours/week which exceeded maximum weekly hours as FLA Benchmark. The maximum OT hours was 75.5 hours/week and occurred in the period of October to December 2022 and February to August 2023, with total weeks from one to three weeks/month.
Recommendation for Immediate Action	Ensure workers to not work more than 60 hours per week.
Compliance Classifications	Immediate Action Required
Local Law	N/A

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 factory is using the onsite contractor for boiler operation. However, there is no time keeping system to record detailed time-in/out for all the contractor's workers (2 boiler operators). As per their contract agreement, the working hours for boiler operators is divided into 2 workings shifts (6:00 – 14:00 and 14:00 – 22:00). However, one interviewed boiler operator stated that daily working hour is from 6am to 16:30 or maximum 20:00 in case the factory's workers performs overtime work on that day. Based on payroll record review, there was no overtime payment was paid to the boiler operators. Due to this inconsistency, the actual monthly salary could not be fully verified.
Recommendation for Immediate Action	Monitor and keep attendance record of all workers/employees that from the onsite contractor.
Compliance Classifications	Immediate Action Required
Local Law	N/A

