

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**17 Jul 2024**



## Factory Information

FLA Affiliates	Amer Sports
Country	Vietnam
Number of Workers	4126

## 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)	2
Health, Safety And Environment (HSE)	12
Hours Of Work (HOW)	2
Nondiscrimination (ND)	1

## Assessment Information

Assessor	OneStep Viet Co., Limited
Assessment Date	17 Jul 2024

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

### 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	Ten out of forty-five (45) pregnant workers who are doing laborious, toxic or dangerous work still work 8 working hours per day instead of being reduced to one working hour per day without reducing their salary. The workers have these rights when they have submitted the certificate of their leave under the social insurance regime for pregnancy check to HR department. Additionally, the factory did not pay 150% basic salary for workers when they still worked this time.
Recommendation for Immediate Action	1) Overtime premium rate shall be calculated and paid sufficiently. 2) Monitor the implementation.
Compliance Classifications	Immediate Action Required
Local Law	Decree No. 145/2020/ND-CP, Article 54 and 55; Law No.45/2019/QH14, Article 98 and 112.
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 is using onsite contractors for security services (31 employees). These security guards were charged the following uniform fees in their first payment period: VND 600,000 for the uniform, VND 70,000 for the cap, shoulder strap, and tie, and VND 400,000 for the winter jacket. 2) The factory is using onsite contractors for security services (31 employees) and cleaning services (18 employees). The factory only maintains a list of contractor employees who work on-site and retains copies of their ID cards to verify their legal working age. However, there are no social insurance records available for reference during the assessment time as per standard requirements. Thus, the information regarding social insurance practice cannot be verified.
Recommendation for Immediate Action	1) Ensure that salary are deducted in accordance with the law. 2) Monitor and keep social insurance records of all onsite workers.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 45/2019/QH14, Article 102 and Law No. 58/2014/QH13, Article 21
Benchmark ID	C.17
Benchmark Details	Employers shall ensure that all legally required payroll documents, journals and reports are available, complete, accurate and up-to date.
Finding Details	The factory is using onsite contractors for security services (31 employees) and cleaning services (18 employees). The factory only maintains a list of contractor employees who work on-site and retains copies of their ID cards to verify their legal working age. However, there are no payroll records available for reference during the assessment time as per standard requirements. Thus, the information regarding wage payment and benefit cannot be verified.
Recommendation for Immediate Action	Monitor and keep payroll records of all onsite workers.
Compliance Classifications	Immediate Action Required

Local Law	Law No.45/2019/QH14, Article 6
Benchmark ID	C.15.1
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	Security guards and cleaning staff confirmed they do not receive monthly pay slips and do not understand how to calculate their wages and overtime payments. Remark: Security guards and cleaning workers were contractors.
Recommendation for Immediate Action	Provide salary slips and instructions on how to calculate salaries for employees.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 45/2019/QH14, Article 95

### Employment Relationship (ER)

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 not developed the procedures on raising or broadening skills in order to advance the workers' careers.
Recommendation for Immediate Action	1) Develop the procedures on raising or broadening skills in order to advance the workers' careers. 2) Train the in-charge persons and workers.
Compliance Classifications	Immediate Action Required

Local Law	Law No. 45/2019/QH14, Article 60
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 is using onsite contractors for security services (31 employees) and cleaning services (18 employees). The factory only maintains a list of contractor employees who work on-site and retains copies of their ID cards to verify their legal working age. There were no available labor contracts for reference during the assessment time as per standard requirements. Thus, the information regarding employment practices, wages, benefits and working hours cannot be verified.
Recommendation for Immediate Action	Monitor and keep labor contract of all onsite workers.
Compliance Classifications	Immediate Action Required
Local Law	Law No.45/2019/QH14, Article 13

## Health, Safety And Environment (HSE)

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	Three (3) out of five (5) emergency aisles in the parking area do not have road markings and arrows identifying the escape routes.

Recommendation for Immediate Action	Ensure that emergency aisles have markings and arrows identifying the escape routes.
Compliance Classifications	Immediate Action Required
Local Law	National Standard TCVN 2622:1995, Article 7.
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	It is noted that: a) There is no fire alarm system installed in the motorcycle parking area, which covers more than 4,000 square meters (43 meters in width and approximately 100 meters in length) and was built in 2010. b) During testing, one (1) out of ten (10) tested fire alarms in the facility is not functional. The non-functional alarm is located in the humidity room (workshop 1).
Recommendation for Immediate Action	1) Install complete fire alarm systems in required areas as mandated by law. 2) Ensure fire alarm system functional.
Compliance Classifications	Immediate Action Required
Local Law	TCVN 3890:2009, Article 6.1.3 and National Standard TCVN 5738:2021, Article 4.
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations

Finding Details	It is noted that: a) Four (4) out of ten (10) exit aisles are partially obstructed by materials, trolleys and production activity at production workshop 1. b) Four (4) out of ten (10) sewing workers observed in workshop 1 are fully surrounded by goods and materials, obstructing access to emergency exits in case of an incident.
Recommendation for Immediate Action	1) All exit aisles are clear; 2) Ensure that all worker positions are not obstructing emergency exits in case of an incident.
Compliance Classifications	Immediate Action Required
Local Law	National technical regulation QCVN 06/2022/TT-BXD, Article 3.
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	All (20) randomly observed waste bins do not have covers to ensure sanitation in the toilet area.
Recommendation for Immediate Action	1) Provide lids for trash cans in all toilets. 2) Monitor the implementation.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 84/2015/QH13, Article 16.
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 occupational environment monitoring was conducted on December 21, 2023, but the factory did not perform: a. Monitoring of microclimate factors (temperature, humidity, wind speed) in the sample workshop (Workshop 1), canteen area, wastewater treatment station and parking area. b. Monitoring of ergonomics at the QC checking and the ironing area where workers frequently stand while working.
Recommendation for Immediate Action	Conduct the environmental monitoring report as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Environmental Protection Law 2020, Article 37.
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	It is noted that: 1) Six (6) out of ten (10) fire extinguishers do not have instructions posted in the local language at the workshop and material warehouse. 2) Two (2) fire extinguishers in the machine area and workshop 1 had low pressure at the time of inspection. 3) Two (2) out of three (3) CO2 fire extinguishers are not functioning in the machine warehouse. 4) Two (2) out of (3) the fire hoses are punctured and torn in the machine warehouse area and cannot be used in an emergency. 5) Five (5) fire extinguishers are fully obstructed by materials and ladders in the finished goods warehouse and cleaning room.
Recommendation for Immediate Action	1) Ensure firefighting equipment to be well functional. 2) All firefighting equipment shall be unobstructed, posted using instructions in the local language and inspected as required by law.
Compliance Classifications	Immediate Action Required
Local Law	National technical regulation TCVN 7435-1:2004, Article 5.

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	All (7) air conditioning system of the office building (with a refrigerant charge of at least 6kg for each system) are not inspected and certified by the certified party.
Recommendation for Immediate Action	Conduct inspections of refrigeration systems as required by law.
Compliance Classifications	Immediate Action Required
Local Law	Decree No. 44/2016/ND-CP, Article 16.
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	1) The factory conducted the risk assessment on January 29, 2024. However, this risk analysis does not include the following areas: a) The washing workshop and the down-filling workshop. b) The risk of burns for 44 drinking water machines, with a fixed temperature of 88°C, has not been analyzed. c) There is no assessment for needle detectors in the packing section. As a safety precaution, these machines could generate magnetic properties. 2) Four (4) out of eleven (11) members of the HSE committee are not trained in HSE (Group 2) as legally required. 3) The health check-up of the factory was conducted in April 2024. However, there was no breast cancer check provided for approx. 60% of female workers as legally required.

Recommendation for Immediate Action	1) Ensure the risk assessment cover all risk and appropriate ways to eliminate and/or control hazards; 2) Provide safety training for the HSE committee members; 3) Provide regularly health check for all workers as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 84/2015/QH13, Article 14, 21 and 77; Circular No. 07/2016/TT-BLDTBXH, Article 3 - 8; Decree No. 44/2016/ND-CP, Article 17 and 21 and Circular No. 32/2023/TT-BYT, Appendix 3
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	No safety warnings and operating procedures were provided for three out of five buttonhole machines at workshop 1.
Recommendation for Immediate Action	Ensure that machines have safety warnings and operating procedures.
Compliance Classifications	Immediate Action Required
Local Law	Law No.84/2015/QH13, Article 16.
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	
Recommendation for Immediate Action	

Compliance Classifications	
Local Law	
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	Two (2) accidents (water burns and hand injuries) were noted in the medicine dispensation log at the factory's medical room in May and July 2024, which were not investigated as occupational accidents in accordance with legal regulations.
Recommendation for Immediate Action	Ensure that all occupational accidents are recorded, investigated, and analyzed to determine root causes.
Compliance Classifications	Immediate Action Required
Local Law	Clause 4 Article 13 Decree 39/2016/ND-CP.
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	Factory provides anti-fatigue mats for workers who performing job at the standing area. It was observed that five out of twenty workers at QC and ironing section did not use it while working.
Recommendation for Immediate Action	1) Provide anti-fatigue mats for workers who performing job at the standing area. 2) Monitor the implementation.
Compliance Classifications	Immediate Action Required

Local Law	Circular No. 25/2022/TT-BLDTBXH, Article 5
<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	Approximately 20% of the workforce worked more than 300 overtime hours per year, which exceeded the legal limit for yearly overtime. The maximum overtime hours recorded were 420 hours in 2023. Remark: The legal limit for annual overtime hours is 300 hours/year according to local law.
Recommendation for Immediate Action	Control the overtime hours as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Law No. 45/2019/QH14, Article 107
Benchmark ID	HOW.22.3
Benchmark Details	Time worked by all workers, regardless of wage system, shall be fully documented by time cards or other mechanical or electronic recording systems.
Finding Details	The factory is using onsite contractors for security services (31 employees) and cleaning services (18 employees). The factory only keeps the list of the employees from contractors who work onsite at the facility with the copies of their ID cards to identify the age of legal working age. However, there are no attendance records available for reference during the assessment time as per standard requirements. Thus, the information regarding wages, benefits and working hours cannot be verified.
Recommendation for Immediate Action	Monitor and keep attendance record of all onsite workers.

Compliance Classifications	Immediate Action Required
Local Law	Article 6, Law No. 45/2019/QH14.
<b>Nondiscrimination (ND)</b>	
Benchmark ID	ND.8.1
Benchmark Details	Employers shall abide by all protective provisions in national laws and regulations benefitting pregnant workers and new mothers, including provisions concerning maternity leave and other benefits; prohibitions regarding night work, temporary reassignments away from work stations and work environments that may pose a risk to the health of pregnant women and their unborn children or new mothers and their new born children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities.
Finding Details	Ten out of forty-five (45) pregnant workers who are doing laborious, toxic or dangerous work still work 8 working hours per day instead of being reduced to one working hour per day without reducing their salary. The workers have these rights when they have submitted the certificate of their leave under the social insurance regime for pregnancy check to HR department.
Recommendation for Immediate Action	Provide the legal benefit for pregnant workers who are doing laborious, toxic or dangerous work (e.g. reduce working hour or assign them to a less laborious or safer work)
Compliance Classifications	Immediate Action Required
Local Law	Law No.45/2019/QH14, Article 137

