

# Fair Labor Association: Independent External Factory Assessment

Assessment Date :

**05 Aug 2024**



## Factory Information

FLA Affiliates	Fast Retailing Co., Ltd.,New Era Cap, LLC,SanMar Corporation
Country	Vietnam
Number of Workers	6116

## 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)	3
Employment Relationship (ER)	11
Forced Labor (F)	1
Freedom Of Association And Collective Bargaining (FOA)	2
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	16
Hours Of Work (HOW)	3
Nondiscrimination (ND)	3

## Assessment Information

Assessor	Openview - Vietnam
Assessment Date	05 Aug 2024
Assessment Purpose	

## ASSESSMENT RESULTS

### Compensation (C)

Benchmark ID	C.21.2
Benchmark Details	All benefits shall be calculated correctly
Finding Details	The factory does not follow the policy to pay workers for bonus as per internal rules. 96 out of 146 workers who terminated their labor contracts in April 2024 were not provided a VND 50.000 bonus on Victor Day (April 30, 2024) while the factory policy, announced on April 1, 2024 stated that workers could be entitled to VND 50,000 bonus if workers have working time in April 2024.
Recommendation for Immediate Action	Pay the bonus for workers sufficiently as per factory policy.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 104.
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	If the workers come to the work late, they need to apply to get annual leave to keep the attendant bonus as per company policy. However, when workers' apply for deduction from their annual leaves in these cases, the factory does not monitor to pay workers accordingly for hours of annual leave applied. A sample selected worker who went to work one (1) minute later on June 10, 2024, worker applied annual leave for one (1) hour to avoid a deduction of attendance allowance VND50,000. However, the worker actually worked during the registered annual leave from 07:00 to 08:00. The factory did not monitor this working time and paid worker 100% only for this one (1) hour work.

Recommendation for Immediate Action	Monitor and pay workers for annual leave time as per local laws.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 98
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 worker wage does not follow the established wage scales. The factory established wage scales on July 1st, 2024, but some workers are not paid according to the wage scales. Three (3) out of 40 selected new workers receive VND 5.575.040 which does not fall in any grades within the established wage scales of the factory.
Recommendation for Immediate Action	Follow the wage scale tables to pay for all workers as per legal requirements to ensure payment is fair, transparent to all workers,
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 90,93 &95

### Employment Relationship (ER)

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. Though the records showed the training is conducted, most of workers are not aware of FLA code elements and FLA employment functions such as factory policies, workplace conducts, discipline, grievances ect. Workers only aware of very general local law requirements such as working hours, wage and benefits, health and safety issues. 2. The factory does not have a organization chart which designates specific responsible and qualified person for social compliance issues.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.18.2
Benchmark Details	Employers shall ensure managers and supervisors are fully familiar with the workplace disciplinary system and in applying appropriate disciplinary practices.
Finding Details	The training is reported to be provided for the supervisory level. However, all three (3) selected supervisors from QC, cutting, and sewing workshops do not know the factory's relevant disciplinary policy and procedures.
Recommendation for Immediate Action	N/A
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	<p>1. The recruitment and hiring processes are not free from discrimination risk. While there is no confirmed discrimination found, the recruitment procedure No.1.1 includes a discrimination risk related to the workers' health requirement. The procedure states that workers' health shall be at level 2 or above as a condition for recruitment of all positions in the factory which is not in line with local laws and the factory practice. The health requirement should be linked with each job function.</p> <p>2. The factory has not developed procedures to handle the violation case of forced labor found in the factory which includes steps to discipline for the violation related to forced labor policy.</p> <p>3. Though the factory's anti-child labor policy accepts young workers under 18 years old, the factory has not yet developed a system to identify workstations and operations that are appropriate for young workers according to applicable laws.</p> <p>4. The factory has not developed written retrenchment procedure that outlines the specific steps and guidance to handle in case of retrenchment such as notifying the retrenchment, selection criteria, career counseling, job placement assistance, re-employment rights etc.</p> <p>5. The factory generally develops job descriptions for work positions. However, the job descriptions are not detailed and lack the required qualifications, skills, education, experience, training, personal attributes, etc.</p>
Recommendation for Immediate Action	1. Ensure not to include any discrimination during the hiring and recruitment process. 2. Ensure to develop developed written retrenchment procedure/plan that outlines the specific steps and guidance to handle in case of retrenchment.
Compliance Classifications	Immediate Action Required
Local Law	The Labor Code, Article 8, 42 &44
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 has disciplinary procedure. However, the disciplinary procedure does not cover the necessary steps as per legal requirements: notification in advance to violators and relevant parties, disciplinary meeting process, evidences required, and making the minutes at the time of violation. 2. The factory does not keep evidences, make the violation meeting minutes, and indicate the article that is being violated in the labor disciplinary minutes. Most disciplinary records do not have the trade union consents.
Recommendation for Immediate Action	Follow the local law to handle the labor discipline and keep all relevant records in place.
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 written policies and procedures on personnel development that encourage ongoing training to raise or broaden workers' skills so they can advance in their careers. Therefore, the factory does not implement any program for personnel development.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required



Local Law	N/A
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 policies and procedures for performance reviews that include steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirements.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
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	<p>1. The factory has not developed policy and procedure for promotion and demotion. As confirmed by the factory management, promotion is mostly selected and decided by the line managers. 2. Due to lacking of procedure for performance review for workers, the factory conducted the performance review by using a simple form with some criteria such as attendance status, labor discipline, and work ability (productivity, quality, initiative). However, there is no input data or records kept in place to prove if the evaluation is really carried out effectively. 3. The factory does not make a notification of the re-assignment period to the employee who is re-assigned to a different work position with their contracts at least 03 working days in advance as per law. The sample selected worker who worked as a packing worker re-assigned to sewing worker from February 1st to the end of February, but the factory did not announce to worker in advance.</p>
Recommendation for Immediate Action	Follow the local law to notify workers in advance for work re-assignment.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 29-30
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	<p>The factory does not make annexes when workers are re-assigned to work different positions with their official labor contracts. The sample selected worker was re-assigned from the sewing section to the cleaner section in 2021. However, the factory did not make annexes of the labor contract for worker as per law.</p>
Recommendation for Immediate Action	Make annexes of the labor contract and provided to workers when the labor contracts are changed.
Compliance Classifications	Immediate Action Required

Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 21-22
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 orientation training provided to workers does not cover all related policies of FLA's code of conduct. The training mostly focuses on labor codes, working hours, wages, benefits, and overall OHS; other policies for human resources, grievance systems, and industrial relations, including respect of the rights to freedom of association, workers' rights and responsibilities, etc., are not fully included.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.

Finding Details	1. The factory internal labor rules approved on June 12, 2024 does not include all short-break periods as per legal requirement. The short break time is 6 minutes including 3 minutes from 9: 30am to 9:33 am and 3 minutes from 3: 30pm to 3:35 pm, but the approved internal labor rules only mentions a short break is 3 minutes every day instead. 2. Though the factory explain that they seek worker involvement, and consult with workers for decision making on all aspects concerning workplace and working conditions (e.g., creation or revision of policies and procedures, changes on production processes, hours of work), there is no evidence such as guidance procedure, training records, or implementation records in place for review.
Recommendation for Immediate Action	Include all specific short-break periods in the factory regulation as per legal requirements.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 118
Benchmark ID	ER.18.6
Benchmark Details	The workplace shall commit to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary action.
Finding Details	The factory labor disciplinary procedures do not include a principle for a third-party witness during imposition, an appeal process, or a commitment to non-retaliation for all steps of the disciplinary process, including for a worker requesting a witness and filing an appeal of disciplinary actions. The discipline records indicate that the labor union is not involved either.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

**Forced Labor (F)**

Benchmark ID	F.7.1.4
Benchmark Details	Employers shall not utilize, nor shall they use employment agencies or intermediaries that utilize, practices that restrict any worker's freedom of movement, or ability to terminate their own employment, or that create a threat of penalty. Examples of such practices include, but are not limited to requiring workers to pay recruitment and/or employment fees.
Finding Details	The recruitment fee is not paid by the factory sufficiently. The factory's recruitment procedure requests the candidates to submit a health certificate with a validity of 6 months as a condition for hiring. However, the factory does not pay the health check fee for workers as a part of the recruitment fee.
Recommendation for Immediate Action	Pay the health checkup fee for all workers as per legal requirements.
Compliance Classifications	Immediate Action Required
Local Law	Law 84/2015/Qh13. Occupational Safety and Hygiene. Article 21.

### **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 has a policy on freedom of association and collective bargaining, but a guidance procedure has not been developed to guide the procedure for the policy of freedom of association, such as the procedure for workers' representative election, regular meetings, discussions & CBA negotiation, etc.

Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
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 Comment: 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	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

**Harassment Or Abuse (H/A)**

Benchmark ID	H/A.11
Benchmark Details	Employers shall have a system to discipline supervisors, managers or workers who engage in any physical, sexual, psychological or verbal violence, harassment or abuse, through measures such as compulsory counseling, warnings, demotions, and terminations or a combination thereof regardless of whether such action was intended as a means to maintain labor discipline with a view to preventing the reoccurrence of violence and harassment, and facilitating their reintegration into work, where appropriate.
Finding Details	The factory does not have procedures to handle cases of harassment or abuse; including steps to discipline for violations related to harassment or abuse policy, reporting authorities, and record keeping.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

### 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	1. The emergency exit routes are not marked in the packaging area on the second (2) floor of workshop 2A. Around 20 workers were working in this area at the assessment time. 2. 31 out of 61 emergency exits at workshops 3A,3B, 2C, 3C, and 2C are not installed with fire-resistant smoke-sealed doors.

Recommendation for Immediate Action	1. Clearly mark the emergency exit routes in the packaging area.
Compliance Classifications	Immediate Action Required
Local Law	1. Vietnam Standard No. 2622.1995 for Fire Prevention, Part 7.5
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	There are three (3) out of five (5) observed emergency exit routes are obstructed by goods at the sewing section on the second (2) floor of workshop 2B. Two (2) emergency exit stairs on the second (2) floor of workshops 3A and 3B which are around 3,000 sqm in total, used for warehouse are only 1.8m in height instead of at least 1.9m in height as per the legal requirement.
Recommendation for Immediate Action	Keep all emergency exit routes clear; design the emergency exit door as per local laws.
Compliance Classifications	Immediate Action Required
Local Law	QCVN 06:2022/BXD, Clause 1.4.16.
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	The secondary containers are observed in the chemical areas. However, there are no secondary containers provided for six (6) chemical cans (mostly paint use for painting construction) observed in the water tower area.



Recommendation for Immediate Action	Equip the secondary containers for all chemical cans, bottles, and drums as per legal requirements.
Compliance Classifications	Immediate Action Required
Local Law	Law on Chemical 2007, Article 30.
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	1. The factory does not have a policy to conduct assessments for determining thermal comfort problem areas such as the boiler room, air compressor, out door gardeners, etc. 2. There are no inner covers for one (1) observed electrical panel at the canteen of workshop 3A, three (3) observed electrical panels at the DO boiler and wastewater treatment areas.
Recommendation for Immediate Action	Install the inner cover for all eligible electrical panels for safety reasons.
Compliance Classifications	Immediate Action Required
Local Law	Electricity Law No. 28/2004/QH11. Article 57 ; TCVN 5556 – 1991, Clause 1.1.1
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.

<p>Finding Details</p>	<p>1. Ladders are not in good working condition. There were no body cages for all seven (7) ladders in the boiler area and air conditioning machine areas, which are three (3) to five (5) meters high. 2. Machine safety guards are not appropriate. • There were no safety interlock devices for 12 out of 20 elevators at workshops 3A, 3B, 2C, and 3C. • There was no safety guard for one (1) observed industrial fan and one (1) observed moving part of an electric motor in the boiler area. • The safety valves of the central boiler were out of order during the testing at the assessment time. 3. The factory has developed the Lockout and Tag-out procedure (LOTO). However, the procedure is not implemented. There was no list of identified machines/equipment required for LOTO, and there were no proper LOTO devices.</p>
<p>Recommendation for Immediate Action</p>	<p>1. Install the body cages for all eligible ladders. 2. Install the safety interlock devices for all elevators; Install the safety guards for all eligible machines and equipment; Repair the safety valves of the boilers to ensure the safety function. 3. N/A</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>Law No. 84/2015/QH13, Article 16.</p>
<p>Benchmark ID</p>	<p>HSE.6.1</p>
<p>Benchmark Details</p>	<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>

<p>Finding Details</p>	<p>1. The fire equipment is obstructed. There were three (3) fire extinguishers at the stairs behind the receptionist were obstructed by goods and three (3) fire hose cabinets; three (3) fire extinguishers, one (1) alarm buttons, and one (1) fire hose steering) at 2A canteen were obstructed by the chairs. 2. The factory has purchased 30 sets of PPEs for the firefighting team with 63 fire team members. However, the PPEs for the firefighting team are not ready to use, all 30 sets of PPEs are stored in the warehouse but not ready in the accessible designated area in workplace in order to user in emergency events. 3. The emergency exit lights are not installed for the parking area, generator room, and electrical room of the factory. 4. One (1) out of four (4) tested firefighting hose reel is broken and could not be used at the assessment time; 5. Though the factory fixed on the 2nd day of the assessment, it is noted one (1) out of four (4) tested beam detectors in the sewing area of workshop 3C, and three (3) out of three (3) tested fire alarm buttons on the second floor of 2C warehouse did not work at the assessment time. 6. The water pressure of one (1) out of four (4) eyewash stations at the chemical warehouse is too high and not appropriate for worker emergency use. 7. There are four (4) out of five (5) checked first aid kits at 2A and 2B are missing the required items such as saline, alcohol, and Betadin.</p>
<p>Recommendation for Immediate Action</p>	<p>1. Remove all obstructions from the fire extinguishers, fire hoses, fire alarm buttons, hose reel, and fire hose steering. 2. Design the proper place for PPE storage to ensure the PPE for the firefighting team is accessible and ready to use. 3. Install the emergency exit lights for all eligible areas. 4. Regularly Inspect the firefighting equipment to ensure they are ready in emergency events. 5. Regularly check the water pressure of all eyewash stations to ensure the proper pressure for use. 6. regular check to provide all equipment in first aid kits.</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>1. TCVN 7435-1:2004, Article 5.4 2. Circular 150/2020/TT-BCA, Article 5. 3. TCVN 3890:2009, Clause 6.1.3. 4. Law No. 27/2001/QH10 – Fire safety, Article 52; Decree No. 136/2020/NĐ-CP, Article 5, 40. 5. Circular 19/2016/TT-BYT, Article 05.</p>
<p>Benchmark ID</p>	<p>HSE.4.1</p>

Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	1. There are no building permits for one (1) flat building near the canteen that is used for the material warehouse with around 410 sqm, and one (1) flat building near the parking area 2 that is used for the boiler area with an area of around 200 sqm. 2. The factory does not conduct safety inspection for the air compressor pipe, one (1) air compressor working with 8- bars pressure in the drying area of the material warehouse. 3. The factory does not register restricted machines/equipment to the authority as being required by laws. 24 out of 26 air compressors, 30 out of 32 electrical boilers, 10 out of 12 forklifts, all 23 goods elevators are not registered.
Recommendation for Immediate Action	1. Work with relevant parties to obtain the building permits for all existing buildings and keep them in place for review. 2. Conduct the safety inspection for all eligible machines/equipment. 3. Register with local authority for all required machines as per laws.
Compliance Classifications	Immediate Action Required
Local Law	1. Law No. 62/2020/Qh14. Law on Amendments to Construction Law, Article 01, Clause 30. 2. Law 84/2015/QH13. Occupational Safety and Hygiene. Article 30&31 3. Circular 36/2019/TT-BLĐTBXH, Article 2
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

Finding Details	<p>1. The factory has not taken action for the cracks 0.5 to 1.5 cm in width and 1.8 to 6.2m in length observed on the 1st floor of workshop 2A and workshop 2B, which might cause construction safety risks. 2. The hazardous and non-hazardous wastes are not separated properly. The hazardous waste (paint cans and waste containing chemicals &amp; paints) was stored together in the domestic waste area instead of separately in the hazardous waste storage warehouse. 3. Four (4) observed forklifts were installed with additional sunshade parts on the roofs, which are not part of the manufacturer's original design and might cause a safety risk to the operators due to a vision limit. This modification impeded the operator's view when picking up goods at the high rack, posing a safety risk.</p>
Recommendation for Immediate Action	<p>1. Immediately check and inspect for the cracks to ensure for the building safety. 2. Store hazardous waste and non-hazardous waste separately as per laws. 3. Ensure safety design for forklift operators.</p>
Compliance Classifications	Immediate Action Required
Local Law	LAW 84/2015/QH13. OCCUPATIONAL SAFETY AND HYGIENE. Article 16; Law on Environmental Protection No. 72/2020/QH14, Article 81&83.
Benchmark ID	HSE.28
Benchmark Details	Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within , confined spaces, maintenance issues, and general Health and Safety Issues.
Finding Details	The factory does not provide safety information to contractors and lacks controlling records for contractors' special works, such as cutting, welding, high platform work over 1.8m, hot works, and confined spaces, which require strict safety requirements.
Recommendation for Immediate Action	Provide the relevant safety information to the contractor, monitor the contractors' activities and works for OHS, and keep all relevant records in place.

Compliance Classifications	Immediate Action Required
Local Law	LAW 84/2015/QH13. OCCUPATIONAL SAFETY AND HYGIENE. Article 16
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	The safety instructions are not displayed or posted: There are no warning signs for working at height at two (2) water towers; no restricted signs for using of four (4) out of 12 goods elevators in the warehouse; no non-smoking signs in the air compressor areas; no falling risk warning sign for the water tanks and wastewater treatment tanks. There are no safety instructions posted for all fabric spreading machines and all two (2) electrical forklifts.
Recommendation for Immediate Action	Post all safety instructions, signs for machines, equipment, and areas for workers' reference.
Compliance Classifications	Immediate Action Required
Local Law	Law 84/2015/Qh13. Occupational Safety and Hygiene, Article 16.
Benchmark ID	HSE.30.2.5
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed: procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies
Finding Details	The factory developed the procedure to investigate the labor accidents. However, it lacks the requirement for guidance on how to report a near miss.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.30.2.6
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system including a HS&E risk assessment within which the following are clear and regularly tested and reviewed:protections to workers who allege health, safety, and environmental violations;
Finding Details	The factory does not have a specific policy or risk assessment or conducted a testing report to identify if the facility's material contains asbestos or not.
Recommendation for Immediate Action	Conduct the assessment for the asbestos to propose remediation.
Compliance Classifications	Immediate Action Required
Local Law	DECREE 39/2016/ND-CP. DETAILING THE IMPLEMENTATION OF SOME ARTICLES OF THE LAW ON OCCUPATIONAL SAFETY AND SANITATION. Article 5
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.

<p>Finding Details</p>	<p>1. The facility does not assess what PPE should be provided and does not provide it for workers. The factory does not provide protective shoes for forklift operators. There is no life jacket equipped in the water tanks at the well areas for workers. The observed tanks were three (3) meters in height, and the wastewater treatment tanks were 3.5 meters high. 2. The factory regulates the provision of five (05) glasses for welding and maintenance workers. However, two (02) maintenance workers did not use the protective glasses when performing welding; they were using other normal glasses that were not designed and properly for welding work. The workers explained that the provided PPE is not comfortable to use.</p>
<p>Recommendation for Immediate Action</p>	<p>1. Provide protective shoes for all forklift drivers, and a life jacket for the water tank area. 2. Assess to provide appropriate PPE and train, monitor workers to use PPE sufficiently and effectively.</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>1. Law 84/2015/Qh13. Occupational Safety and Hygiene. Article 7 2. Law 84/2015/Qh13. Occupational Safety and Hygiene. Article 23</p>
<p>Benchmark ID</p>	<p>HSE.8</p>
<p>Benchmark Details</p>	<p>Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.</p>
<p>Finding Details</p>	<p>1. Though the factory provides dust face masks for all sewing workers free of charge, approximately 20% of workers in the sample sewing room of workshop 3C do not wear them. 2. The factory partially provides PPE for workers, such as face masks, metal gloves, earplugs, safety belts, shoes, etc. However, the factory does not completely assess what PPE needs to be provided for all positions, and there are no instructions and training records on PPE usage and maintenance for workers to review. Workers and management reported that supervisors or other workers verbally guide workers on how to use PPE.</p>
<p>Recommendation for Immediate Action</p>	<p>1. Train and monitor to ensure workers use required PPE as the factory policy. 2. Develop instructions on PPE usage and maintenance to train, communicate, and guide workers accordingly.</p>



Compliance Classifications	Immediate Action Required
Local Law	1. Law 84/2015/Qh13. Occupational Safety and Hygiene. Article 23 2. Circular 25/2022/Tt-BLDTBXH. Regulations On PPE. Article 6.
Benchmark ID	HSE.14.2
Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.
Finding Details	The factory does not provide the OHS training (Group 3) on confined space safety working for 10 relevant workers as required by laws.
Recommendation for Immediate Action	Provide confined space OHS training for all relevant workers as per law requirements.
Compliance Classifications	Immediate Action Required
Local Law	Decree No. 140/2018/ND-CP. Article 1, Point 5.
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 proactively take steps to provide the backrest chairs for all sewing and quality check workers who handle prolonged seat jobs. The provided chairs are not height adjustable chairs to use when needed.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A

## Hours Of Work (HOW)

Benchmark ID	HOW.8.2
Benchmark Details	All overtime work shall be consensual, and employers shall enact a voluntary overtime system, including for overtime utilized in exceptional circumstances*.
Finding Details	The factory has a policy on the productivity bonus. However, the bonus policy is not in line with the factory policies on non-discrimination and prohibition of forced labor. The policy regulates the number of overtime as a criteria for the productivity bonus decision. If workers do not work overtime, they will not be fully entitled for the productivity bonus.
Recommendation for Immediate Action	N/A
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
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.

<p>Finding Details</p>	<p>The workers worked overtime more than the legal limit of 40 hours a month in all 12 months within the assessment scope from July 2023 to June 2024, the details in the sample as below: - June 2024: 45 out of 60 sample selected workers from all production (sewing section, pressing section, inspecting section, packing section) worked overtime more than 40 hours in a month and workers worked overtime from 41 to 59.5 hours. Maximum sample selected workers worked overtime up to 59.5 hours / month. - April 2024: 47 out of 60 selected sampled workers from all production sections (sewing section, pressing section, inspecting section, packing section) worked overtime more than 40 hours in a month. Workers worked overtime from 41 to 53.5 hours. Maximum sample selected workers worked overtime up to 53.5 hours/month. - December 2023: 60 out of 60 selected sampled workers from all production sections (sewing section, pressing section, inspecting section, packing section) worked overtime more than 40 hours in a month. Workers worked overtime from 43 to 64 hours. Maximum sample selected workers worked overtime up to 64 hours/month. One out of 60 sample selected worker worked overtime 5 hours per day in one day of December 2023.</p>
<p>Recommendation for Immediate Action</p>	<p>Develop plan to monitor the overtime hours and to ensure the working hours and overtime are in line with the local laws.</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>Vietnam Labor Code No. 45/2019/QH14, Article 107</p>
<p>Benchmark ID</p>	<p>HOW.2</p>
<p>Benchmark Details</p>	<p>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.</p>
<p>Finding Details</p>	<p>Two (02) out of 60 samples at the electrician section were not provided one day off in every 7-day period in December 2023 and June 2024. These workers were only provided one day off after 7 days of work. This issue affected only supporting workers; a total of 10 electricians were arranged to work on Sunday rotation.</p>

Recommendation for Immediate Action	Provide at least one day off per seven for all workers as per FLA's benchmarks.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code No. 45/2019/QH14, Article 111

### **Nondiscrimination (ND)**

Benchmark ID	ND.4
Benchmark Details	Employers may not request the disclosure of any personal, non-job related information during the application, recruitment, or hiring process, including but not limited to gender, race, religion, disability, sexual orientation, nationality, political opinion, social group, ethnic origin, or marital status.
Finding Details	Though discrimination was not found or reported, the factory does not avoid asking non-job-related questions during the recruitment and hiring process and during the interview process. The factory has questions related to the workers smoking during the hiring process, while smoking is not a related factor to the job. It is recommended that the factory check if workers smoke and arrange designated smoking areas after workers are hired.
Recommendation for Immediate Action	Remove all non-job-related questions during the hiring processes.
Compliance Classifications	Immediate Action Required
Local Law	N/A
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	1. The factory provided one (1) lactation room instead of at least four (4) lactation rooms as per legal requirements. There are 5.668 female workers in the factory at the assessment time. 2. The factory does not have mechanism to review and provide health check ups for workers who are absent during the factory regular health check. For example, there was no occupational health checked-up for 40 workers who are sewing operators and were absent on the health check dated April 15-17, 2024; 3. There is no follow-up action after the occupational health check-up for two (2) workers who are found of reducing the hearing ability in the test on October 18-21, 2023 as per legal requirements.
Recommendation for Immediate Action	1. Provide adequate enough lactation rooms for female workers. 2. Ensure to provide health check up for workers who are absent during the factory regular health check 3. Follow with workers to conduct follow check, work assignment based on the occupational health check results.
Compliance Classifications	Immediate Action Required
Local Law	Decree No. 145/2020/ND-CP, Article 80; LAW 84/2015/QH13. OCCUPATIONAL SAFETY AND HYGIENE. Article 21.
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	Job advertisements are not free from discrimination. The factory has established a child labor policy that indicates workers from 15 years old who are in good health can be hired and work in the factory. However, the recruitment advertisement on social media requires all candidates to be 18 years old, and this condition applies to all job positions in the factory.
Recommendation for Immediate Action	Remove all recruitment advertisements that contain discrimination factors in order to align with the local laws and factory policy.
Compliance Classifications	Immediate Action Required
Local Law	Vietnam Labor Code 2019, Article 8.

