

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

26 Aug 2024



Factory Information

FLA Affiliates	adidas, Fast Retailing Co., Ltd., Gildan Activewear Inc, Hanesbrands, PUMA SE
Country	Vietnam
Number of Workers	3050

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
Health, Safety And Environment (HSE)	7
Hours Of Work (HOW)	1

Assessment Information

Assessor	OneStep Viet Co., Limited
Assessment Date	26 Aug 2024
Assessment Purpose	Factory Assessment (In-Person)

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	The assessment found that 2 workers were not paid for the time they spent attending training on the factory's rules and policies in July 2024. Factory management explained that these workers participated in training sessions for 1-2 hours on their first working day at the factory, and then quit shortly afterwards before time records could be taken, preventing the factory from calculating payment.
Recommendation for Immediate Action	Ensure that employees are integrated into timekeeping systems immediately when employment begins, and pay employees for all time spent participating in training, as required by law.
Compliance Classifications	Immediate Action Required
Local Law	
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 has 5 onsite contractors: one security contractor (31 employees), one cleaning contractor (15 employees), two canteen contractors (9 and 32 employees, respectively), and one QC company (6 employees). Factory management explained that the QC company in question was assigned by a buyer. The factory has records of these workers' IDs and labor contracts. However, there were no social insurance records for these workers available for review. As a result, the assessment could not verify whether these workers' employers are in compliance with social insurance systems.
Recommendation for Immediate Action	Monitor social insurance requirements and maintain records for all onsite workers.
Compliance Classifications	Immediate Action Required
Local Law	
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 has 5 onsite contractors: one security contractor (31 employees), one cleaning contractor (15 employees), two canteen contractors (9 and 32 employees, respectively), and one QC company (6 employees). Factory management explained that the QC company in question was assigned by a buyer. The factory has records of these workers' IDs and labor contracts. However, payroll records for these workers was not available for reference during the assessment. As a result, the assessment could not verify wage payments and benefits for these workers.
Recommendation for Immediate Action	Record and maintain payroll data for all onsite workers.
Compliance Classifications	Immediate Action Required
Local Law	

Health, Safety And Environment (HSE)

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	Food samples are not kept for at least 72 hours at 4 degrees Celsius or below, as per applicable standards. They are kept for 24 hours, and 48 hours for Saturday, at a maximum of 5 degrees Celsius. (Note: this current practice complies with local legal requirements).
Recommendation for Immediate Action	Adhere to the higher of the two standards by storing food samples for at least 72 hours and at 4°C or lower, per CAC/RCP 39-1993 Code of Hygienic practice for precooked and cooked foods in mass catering.
Compliance Classifications	Immediate Action Required
Local Law	
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 assessment observed 2 electrical control panels located next to stored flammable materials in 2 rooms of workshop No. 1.
Recommendation for Immediate Action	Ensure electrical control panels are safe, including by removing any flammable materials from the area.
Compliance Classifications	Immediate Action Required
Local Law	

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	1. The factory does not have a mechanism to verify whether the back-up power source for the fire alarm control panel has sufficient power to last 24 hours in stand-by mode and at least 3 hours in fire mode, as is legally required. The person in charge explained that the facility had verified that the back-up power source could last 2 hours, but did not know the maximum time. Factory management was unfamiliar with the legal requirement. 2. The assessment observed 1 exit sign in the canteen of workshop No. 1 that was not illuminated, as is legally required.
Recommendation for Immediate Action	1. Verify whether the back-up power supply of the fire alarm control panel meets the legal minimum standards and maintain records. 2. Illuminate all exit signs.
Compliance Classifications	Immediate Action Required
Local Law	
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	Local law requires any air conditioning system with 5kg or more of refrigerant gas to receive inspections. The factory does not conduct any inspections of the various air conditioning systems. The assessment observed 3 air conditioning systems, including at least 1 with more than more than 5kg of the refrigerant gas R410A .

Recommendation for Immediate Action	Record all air conditioning systems present in the factory. Where required, conduct inspections and maintain records as required by local law.
Compliance Classifications	Immediate Action Required
Local Law	
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	2 chemicals on the rooftop of workshop No. 3 do not have labels or Material Safety Data Sheets (MSDS) as legally required. As a result, it could not be verified whether these chemicals should be present or were being stored properly.
Recommendation for Immediate Action	Label all chemicals with MSDSs and posted labels, as required by law, in the appropriate language/s.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.18.2
Benchmark Details	Medical staff shall be fully licensed and recognized under applicable national rules and regulations.
Finding Details	3 out of the 5 medical staff at the factory have not received the proper certification in occupational health (chuyên môn y tế lao động), as is legally required for their positions.
Recommendation for Immediate Action	Ensure that medical staff receive occupational health training from a proper certifying body. Maintain certification/records of the training.

Compliance Classifications	Immediate Action Required
Local Law	
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 provides chairs with back support for the workers, but these chairs cannot be adjusted for height to fit the worker's position.
Recommendation for Immediate Action	Provide chairs or workstations that can be adjusted for height.
Compliance Classifications	Immediate Action Required
Local Law	

Hours Of Work (HOW)

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 has 5 onsite contractors: one security contractor (31 employees), one cleaning contractor (15 employees), two canteen contractors (9 and 32 employees, respectively), and one QC company (6 employees). The factory has records of these workers' IDs and labor contracts. However, the factory does not keep attendance or working hour records for these workers. Thus, information regarding these workers' wages, benefits, and working hours cannot be verified. Factory management explained that the QC company in question was assigned by a buyer.

Recommendation for Immediate Action	Monitor and keep attendance, working hours, and pay records for all onsite workers.
Compliance Classifications	Immediate Action Required
Local Law	

