



FAIR LABOR  
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## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Columbia Sportswear Company  
COUNTRY: Vietnam  
ASSESSMENT DATE: 08/08/18  
ASSESSOR: Openview  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 1587

## Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

## Findings and Action Plans

### FINDING NO.1

#### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The wages and benefits could not be verified due to the inconsistencies found between payroll records, attendance records, workers and management interview. For example, one pay slip provided from factory showed that the worker worked a total of 243 hours in June 2018 and the total salary received was VND 7,289,600 (USD 312), other bonus is VND 1,400,000 (USD 60) and no union deduction in this month. However, based on the pay slip obtained during site tour inspection, it showed that this worker worked a total of 245 hours in June 2018, received VND 7,090,334 (USD 303), only VND 1,200,000 (USD 51) for other bonus and she was deducted VND 44,000 (USD 2) for union fee. [C.1, C.15, C.16]
2. It was noted that the meeting, training time requested by the factory such as annual health check on March 07 & 08, 2018, internal and external fire drills were not counted towards pay for piece rate workers, as required by law. [C.1, C.5]

##### Local Law or Code Requirement

Vietnam Labor Code, Articles 90, 91 and 97; Decree 45/ 2013/ ND-CP, Article 3. FLA Workplace Code (Compensation Benchmarks C.1, C.5, C.15 and C.16)

##### Recommendations for Immediate Action

1. Ensure workers are paid correctly based on their actual working hours as per local law. Keep all payment records completely and consistent with other relevant records.
2. Pay piece rate workers for all meetings, training time requested by the factory, including time for health checks and internal and external fire drills.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory will revise and implement a more transparent wage and benefit system to ensure workers they are paid correctly by law. The management will review current payroll systems and make adjustments accordingly, keeping a record as well as communicating this to the general workforce.
2. The factory will consistently pay piece rate workers for all meetings and training time requested by the factory.

#### Planned completion date

11/09/18

#### Company Action Plan Update

2 - The factory paid piece rate workers for their time during external fire-fighting and evacuation drills on 8/22/18, and health check up on 9/12/18 as required by law.

## FINDING NO.2

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

1. Actual regular working hours and overtime could not be verified accurately due to the inconsistency found between payrolls, time records and other relevant records as mentioned in the Finding No.1 under Compensation. [HOW.1, HOW.2, HOW.7]
2. Based on the document review and relevant worker interview, it was noted that workers worked overtime more than the legal limit (30 hours in a month) as below:  
In June 2018, 86% of workers worked overtime from 31 to 36.5 hours per month; In May 2018, 84% of workers worked overtime from 31 to 37 hours per month. [HOW.1.1]
3. The attendance record in January 2018 stated that one female worker who was in the 8th month of pregnancy worked 8 hours per day for 14 days instead of 7 hours, as required by law. [ER.14, HOW.1.1]

##### Local Law or Code Requirement

Vietnam Labor Code, Articles 104, 106 and 155. FLA Workplace Code (Employment Relationship Benchmark ER.14; Hours of Work Benchmarks HOW.1, HOW.2 and HOW.7)

##### Recommendations for Immediate Action

1. Ensure working time of all workers including regular hours and overtime are recorded completely and correctly. Time records should be kept and consistent with other relevant records.
2. Control workers' overtime hours and ensure that it does not exceed the legal limit (30 hours per month).
3. Reduce 60 minutes of daily working time for workers who are pregnant from the 7th month.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory will remind the general workforce about the factory's policy limiting working hours for pregnant workers, and work with management on a procedure to monitor and enforce this.
2. This overtime is largely due to delays in raw material delivery, or the materials did not meet both the required quantity and quality. It is also due to the factory having mostly new workers that may not be able to meet production goals. Therefore, the factory has to work closer with new employees and provide training to help them meet production targets, discuss schedule with raw material suppliers, and work with management on a procedure to monitor and enforce working hours.
3. The factory will work to improve its recordkeeping by communicating procedures for clocking in with the general workforce. The factory will utilize a fingerprint scanner to accurately record working hours electronically. The HR system will verify time records daily/weekly to ensure time attendance records matches up with the actual.

#### Planned completion date

11/09/18

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Industrial Relations

##### Finding Explanation

1. FLA Comments: The Vietnam constitution guarantees Freedom of Association. However, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – The Vietnam General Confederation of Labor (VGCL).

According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in Vietnam fall short of the ILO standards on the right to organize and bargain collectively. FOA.2

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmark FOA.2)

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

The factory is committed to respecting worker's rights to freedom of association and collective bargaining. The factory organizes collective bargaining and labor meetings, and dialogues as required. The factory will provide training on the FLA Workplace Code and benchmark requirements to managerial staff and workers.

Planned completion date

08/09/19

## FINDING NO.4

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The records of disciplinary actions are not maintained completely for the past 12 months. Only a few records were provided for review. It was confirmed during the interview that there were more labor discipline cases implemented during the past 12 months than reported in the records. [ER.2.1, ER.27.2.2]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

## COMPANY ACTION PLANS

### Action Plan no 1.

Description

The factory will create a policy and procedure of maintaining disciplinary records for at least 12 months.

Planned completion date

02/09/19

## FINDING NO.5

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

Finding Explanation

1. One exit light and two fire alarms at the maintenance room, materials warehouse and factory No.1 are out of order. [HSE.1, HSE.5.1]
2. At least three exit routes at workshop No.2 and No.4 are obstructed by goods, cargos, chairs and materials. At least two fire extinguishers are obstructed by sewing machines in the maintenance room. [HSE.1, HSE.5.1]
3. The firefighting water pump in the factory was not functioning during the assessment. [HSE.1, HSE.5.1]
4. Based on the document review and relevant worker interview, fire drill has not been conducted for the last 12 months. The most recent one was conducted in July 2017. [HSE.1, HSE.5.3]
5. The electric panels are not clogged after being checked by responsible personnel. There is no warning sign posted for at least two electrical panels at sewing lines. Poor electrical wiring maintenance is found at warehouse, pressing area and the production lines that

could cause high risk for fire safety at the factory. [HSE.13]

6. The factory uses the sliding doors for most emergency exit doors at all three main workshops. [HSE.1, HSE.5.1]

#### Local Law or Code Requirement

Vietnam Standard 7435-1:2004, Article 5.4; TCVN 3890:2008, Point 6; Decree No. 169/ 2003/ ND-CP, Article 23; Decree 79/2014/ND-CP, Articles 7 and 21. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.5 and HSE.13)

#### Recommendations for Immediate Action

1. Immediately fix the firefighting water pump in the factory.
2. Regularly check and maintain the electrical wires at the production lines and warehouse for fire safety.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory checks the alarm systems every two months as legally required, but during the assessment days the alarms were under maintenance. The factory will contact the local fire inspection department to inspect the alarm system, and create procedures to ensure that the alarm system in the factory is regularly checked and well maintained.
2. The factory will improve its monitoring at the sewing lines with line leaders to help ensure there are no obstructed exits with bulky materials such as down and faux down.
3. The fire-fighting water pump was down for maintenance during the assessment date. The pump was fully fixed on September 10. The factory will continue to check all fire fighting systems regularly to monitor their performance.
4. The factory conducts fire drills every 6 months, but only once with the police. The factory will maintain a record for all fire drills.
5. The factory will inspect all electric panels and identify the areas where an additional warning sign might be needed. The factory will create a policy and procedure to check electrical safety and electric panels. The factory will provide training to all staff about the policy and procedure in order to build an effective internal monitoring system.
6. The factory will install latches on all sliding doors to keep doors open when needed.

#### Planned completion date

11/09/18

## FINDING NO.6

## IMMEDIATE ACTION REQUIRED

## FINDING TYPE: Health & Safety

#### Finding Explanation

1. Sewing needle protection guards are not properly used and they were installed too high for proper protection. There is no safety guard for sanding machines. [[HSE.1, HSE.14.1]
2. The chemicals in the cleaning room are not provided with proper secondary containment. Factory uses wooden secondary containment that may cause chemical leaking. [HSE.1, HSE.9.1]
3. The factory does not provide occupational disease check-up for workers who are working in heavy and hazardous positions. There is no follow up for workers who have abnormal results after the health check. Based on the health check report in March 2018, there were 41 workers who had problems with blood pressure, 28 workers had problem with respiratory, 121 workers needed to be checked further for eyes, 82 workers needed to be checked further for gynecology. There were 11 workers had health check results at type V which required further monitoring and follow up from the factory based on the doctor advice. However, there was no mechanism for factory to monitor and have follow up action for those cases. [HSE.1]
4. Based on the document review, the health check records of two canteen employees, who are directly employed by the factory, are not in place for review. [HSE.22.2]
5. The health and safety risk assessment has been conducted. However, the assessment is quite simple. There are no records for relevant worker involvement such as survey, interview with relevant staffs during the assessment. No risk assessment is conducted for air compressor area and cotton stuffing area. There is no review and evaluation for proposed actions for each identified risk as being required by law. ER.31, HSE.1

#### Local Law or Code Requirement

#### Recommendations for Immediate Action

1. Monitor workers to use needle guards properly. Install protection guards for sewing machines and sanding machines.
2. Equip proper secondary containment for chemicals.

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. The factory will train workers further to raise their awareness of health and safety, and the benefits of using the safety guards on machines. The factory will also increase their checking to make sure all workers are using protective equipment while working.
2. The factory will replace the wooden secondary containment with a stainless steel container.
3. The factory will create a policy and procedure for regular medical check-ups without charge, and communicate this to the general workforce.
4. During the time of the assessment, the two canteen employees had recently moved from Factory No.1 to Thanh Tan, so their health check records were still at Factory No.1 and therefore not in place for review. The factory will move the health check records of these two employees to Thanh Tan so they are available for review. The factory requires all employees handling food service to have medical check-ups every 6 months.
5. The factory will develop a regular review policy for all procedures in the factory. The factory will continuously provide OSH training to OHS Staff to enhance their awareness on health, safety and the environment.

##### Planned completion date

11/09/18

### FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The factory does not have a signed contract with a qualified medical waste disposal company to dispose the medical waste released at the factory. Medical waste is disposed of in the normal waste that is mixed with all other types of waste. [HSE.1, HSE.4]

##### Local Law or Code Requirement

Decree 38/ 2015/ ND-CP, Articles 6 and 7. FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.4)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

The factory signed a contract with An Sinh Environmental Technology JSC to dispose the medical waste at the factory since 2016. However, during the assessment the factory's medical staff had not yet sorted out the medical and normal waste yet, it was completed at the end of the day. The factory will require medical staff to sort out medical waste immediately after using.

##### Planned completion date

02/09/19

### FINDING NO.8

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Policies & Procedures (Macro)

#### Finding Explanation

1. The factory has not developed policies and procedures for the following Employment Functions: Hours of Work for Special Categories of Employees; Compensation; Personnel Development; Workplace Conduct & Discipline; Retrenchment; Industrial Relations and Freedom of Association, therefore, the factory does not communicate these policies and procedures to the general workforce. [ER.1, ER.14, ER.16, ER.26, ER.27, ER.29, ER.30, ER.32]
2. Although the responsibilities for the following Employment Functions are said to be assigned, they are not in writing: Personnel Development; Workplace Conduct & Discipline; Termination & Retrenchment; Industrial Relations; Compensation and Grievance System. [ER.1]
3. Health & Safety procedures are not complete: 1) no Tag out-logout procedures are established; 2) no procedure is established for internal vehicle and traffic safety and implemented at the factory. [ER.31]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, ER.16, ER.26, ER.27, ER.29, ER.30, ER.31 and ER.32)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. The factory will develop a policy and procedure for Employment Functions, and then organize a meeting to communicate this out to the general workforce.
2. The factory will develop a policy and procedure to assign appropriate employees for all employment functions.
3. The factory will review all H&S procedures create a tag-out/log out procedure, as well as an internal vehicle/traffic safety procedure.

#### Planned completion date

02/09/19

## FINDING NO.9

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The orientation training for workers is quite simple and are missing the following Employment Functions: Hours of Work for Special Categories of Employees; Personnel Development; Workplace Conduct & Discipline; Retrenchment; Industrial Relations and Freedom of Association. There is no record kept for ongoing training provided to workers at the factory. [ER.1, ER.15]
2. The factory only provides simple training regarding Environmental Protection and Health & Safety functions, and other specific training for managers and supervisors is missing across the following Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline, and Grievance System. [ER.1, ER.17]
3. It was noted that no refresher training on Health and Safety is provided to workers who return to work after a long leave, for example, workers returning from maternity leave and accident leave. The factory does not provide refresher training for at least three workers in Group 03 (doing jobs with strict requirements on occupational safety) as required by local law. [HSE.1, HSE.14.2]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15 and ER.17; Health, Safety & Environment Benchmarks HSE.1 and HSE.14.2)

## COMPANY ACTION PLANS

### Action Plan no 1.



#### Description

1. The factory will provide training for all workers in relevant departments and keep a record of attendance.
2. The factory will continuously provide OSH training to all workers by a qualified trainer to enhance their awareness on health safety and the environment.
3. The factory's ESH committee will review all workers returning to work after a long leave and will hire a competent 3rd party consultant to provide training and grant certification for workers. The factory will also create a procedure for monitoring H&S training and communicate this to the general workforce.

#### Planned completion date

02/09/19

### FINDING NO.10

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Communication & Worker Involvement (Macro)

#### Finding Explanation

1. The worker integration component is missing across all Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input or feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. [ER.1, ER.25, ER.26, ER.27, ER.28, ER.29, ER.30]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.26, ER.27, ER.28, ER.29 and ER.30)

#### COMPANY ACTION PLANS

##### Action Plan no 1.

#### Description

The factory will develop a policy and procedure to consult appropriate employees during the creation, implementation, and revision of all policies and procedures for all employment functions, and will provide the training to management and employees. The factory will develop the procedure to collect worker's feedback and input on the creation, implementation, and revise our HSE policy and procedure accordingly.

#### Planned completion date

02/09/19

### FINDING NO.11

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

#### Finding Explanation

1. The factory has not conducted the regular review for policies and procedures. Therefore, the review process to ensure that policies and procedures are updated according to local laws and the FLA Workplace Code and Benchmarks across all Employment Functions are missing. [ER.1, ER.25, ER.26, ER.27, ER.28, ER.29, ER.30, ER.31]

#### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.26, ER.27, ER.28, ER.29, ER.30 and ER.31)

#### COMPANY ACTION PLANS



## Action Plan no 1.

### Description

The factory will create a process to review policies and procedures regularly, updating accordingly to local law and the FLA Workplace Code and Benchmarks.

### Planned completion date

02/09/19