COMPANIES: Nike, Inc
COUNTRY: Vietnam
ASSESSMENT DATE: 08/05/20
ASSESSOR: Openview
PRODUCTS: Footwear
NUMBER OF WORKERS:
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.

<table>
<thead>
<tr>
<th>FLA Code Element</th>
<th>Number of Violations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hours of Work</td>
<td>1</td>
</tr>
<tr>
<td>Employment Relationship</td>
<td>4</td>
</tr>
<tr>
<td>Health, Safety, and Environment</td>
<td>12</td>
</tr>
<tr>
<td>Nondiscrimination</td>
<td>3</td>
</tr>
</tbody>
</table>

Findings and Action Plans

**FINDING NO.1**

**IMMEDIATE ACTION REQUIRED**

**FINDING TYPE:** Recruitment, Hiring & Personnel Development

**Finding Explanation**

The probation agreement requires one day prior notice from worker before termination, which is not in line with the legal requirement that no prior notice is required for termination during probation. In addition, the employment contracts do not include the job details that workers are expected to fulfill, as required by local law. [ER.10.1]

**Local Law or Code Requirement**

Vietnam Labor Code, Article 23 and 29; Decree 05/2015/ND-CP, Article 4. FLA Workplace Code (Employment Relationship Benchmark ER.10)

**Recommendations for Immediate Action**

1. Revise probation agreement; remove the requirement of prior notice from the worker before termination. Specify job details in the employment contract as per legal requirement.

**COMPANY ACTION PLANS**

**Action Plan no 1.**

**Description**

1. Revise probation agreement; remove the requirement of prior notice from the worker before termination. Specify job details in the employment contract as per legal requirement.
Company Action Plan Update

Change the probation contract form for workers and employees by removal the "prior notice". Revise the employment contract to specify the job details

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

The factory does not have an effective system to provide female workers a break 30 minutes per day, three days per month, for menstruation time, as required by local law. There are 4,135 female workers working in the factory, but the medical logbook records only indicate a few female workers taking the break in the clinic room. For example, only five female workers took the break in July 2020. [ND.8.1]

Local Law or Code Requirement

Vietnam Labor Code, Article 155; Decree 85/2015/ND-CP, Article 7. FLA Workplace Code (Non-discrimination Benchmark ND.8)

Recommendations for Immediate Action

1. Ensure all female workers take 30 minutes of break per day, three days a month, for menstruation time.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Ensure all female workers take 30 minutes of break per day, three days a month, for menstruation time.

Company Action Plan Update

1. Designing the registration form for the workplace/ department, female employees who want to take leave or not want to take leave must register with the leader every month.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

FLA Comment: Vietnam has not ratified ILO Convention 87. Under Vietnamese law, all unions are required to affiliate with the 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. [FOA.2, FOA.10]
Findings No. 4

Immediate Action Required

Finding Type: Health & Safety

Finding Explanation

The factory has no exit signs installed on all four emergency stairs on the second floor or all four emergency exits on the first floor of the parking lot. In addition, the factory has no evacuation map posted in the parking lot. [HSE.5.1]

The factory has no automatic fire alarm system, including smoke detector, fire alarm speaker, or fire alarm call point, installed in the parking lot, which has two floors, with 5,500 square meters on each floor. [HSE.5.1]

Two of the four fire alarm control panels in the security room did not work during an onsite test. [HSE.5.3]

The factory’s 41 first aid kits throughout the factory are not fully stocked. There are 14 items in each first aid kit, rather than the 27 items required by local law. [HSE.6.1]

Local Law or Code Requirement


FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.5 and HSE.6)

Recommendations for Immediate Action

- Install exit signs on all emergency stairs and emergency exits. Post evacuation map in the parking lot as per legal requirement.
- Install automatic fire alarm system, including smoke detector, fire alarm speaker, and fire alarm call point, on both floors of the parking lot.
- Conduct regular inspection of fire alarm control panels to ensure functionality.
- Fully stock the first aid kits as per legal requirement.

Company Action Plans

Action Plan no 1.

Description

1. Install exit signs on all emergency stairs and emergency exits. Post evacuation map in the parking lot as per legal requirement.
2. Install automatic fire alarm system, including smoke detector, fire alarm speaker, and fire alarm call point, on both floors of the parking lot.

3. Conduct regular inspection of fire alarm control panels to ensure functionality.

4. Fully stock the first aid kits as per legal requirement.

**Company Action Plan Update**

1. Install exit signs on all emergency stairs and emergency exits. Post evacuation map in the parking lot as per legal requirement. (Completed - 10/31/2020)

2. Install automatic fire alarm system, including smoke detector, fire alarm speaker, and fire alarm call point, on both floors of the parking lot. Vietcotek vendor installed automatic fire alarm system, including smoke detector, fire alarm speaker, and fire alarm call point on both floors of the parking lot at VG. Factory is waiting for Local fire fighting police approve the system before using it. (Due date: 12/31/2020)

3. Conduct regular inspection of fire alarm control panels to ensure functionality. (Completed, 10/31/2020)

4. Factory provided 27 items in first aid kits at workshop. Factory orders more to ensure providing fully stocked 27 items every month (Due date: 12/31/2020)

**FINDING NO.5**

**IMMEDIATE ACTION REQUIRED**

**FINDING TYPE:** Health & Safety

**Finding Explanation**

The factory has not obtained the Material Safety Data Sheets (MSDS) with CAS number for liquid paint (Galant), paint solvent, or spray paint (ATM) in the general mechanics room, or for pest control chemical (Permethin) in kitchen. [HSE.10.1]

The factory has not provided certification training (Group III) on chemical safety to one canteen staff member who may use a pest control chemical (Permethin). [HSE.9.2]

**Local Law or Code Requirement**

Law No. 06/2007/QH12, Article 29; Decree No. 44/2016/ND-CP, Article 17. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.9 and HSE.10)

**Recommendations for Immediate Action**

- Obtain complete MSDS for all chemicals from the suppliers.
- Provide certification training (Group III) on chemical safety to all workers working with chemicals.
**COMPANY ACTION PLANS**

**Action Plan no 1.**

**Description**

1. Obtain complete MSDS for all chemicals from the suppliers.

2. Provide certification training (Group III) on chemical safety to all workers working with chemicals.

**Company Action Plan Update**

1. HS team checks with Purchasing department to complete MSDS for all chemicals from the suppliers and maintain this process once having updated chemicals

2. Provide certification training (Group III) on chemical safety to all workers working with chemicals including canteen staff member who may use a pest control chemical

---

**FINDING NO.6**

**IMMEDIATE ACTION REQUIRED**

**FINDING TYPE:** Environmental Protection

**Finding Explanation**

The actual influent flow of production wastewater is 160 – 180 cubic meters per 24-hour period, which is higher than the legal approval of 150 cubic meters per 24 hours, as well as the design capacity of 90 cubic meters per 24 hours in the wastewater treatment plant. [HSE.1]

**Local Law or Code Requirement**

LAW No. 55/2014/QH13, Article 20. FLA Workplace Code (Health, Safety and Environment Benchmark HSE.1)

**Recommendations for Immediate Action**

- Upgrade production wastewater treatment plant to adopt higher influent flow.

---

**COMPANY ACTION PLANS**

**Action Plan no 1.**

**Description**

1. Upgrade production wastewater treatment plant to adopt higher influent flow.

**Company Action Plan Update**

- Treat the production wastewater to the correct capacity in the permit (150m3) and store the remaining production wastewater in the inlet tanks (Completed)

- Operate the wastewater treatment system on weekly rest day (Sunday) to treat the rest of production wastewater in back-up tanks in case of high peak production month when production wastewater generated higher than treatment capacity (150m3 per
24-hour period). Existing production wastewater back-up tanks can take over if this happens (Completed)

- Plan to build another back-up tank with dimension of 12.5x11x4.8m and possibly storing of 529.3m3 wastewater. The total volume of production wastewater tanks can be stored for 3 days in case of WW treatment has any problems. Factory asked Tay Ninh province’s Department of Natural Resources and Environment about building this extra tank to store production wastewater and waiting for their feedback (Due date: 12/31/2020)

- Survey the location to build the back-up tank and work with the vendor to get quotation & design drawing (Due date: 12/31/2020)