



FAIR LABOR
ASSOCIATION[®]

INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Under Armour, Inc.

COUNTRY: Vietnam

ASSESSMENT DATE: 09/11/20

ASSESSOR: Openview

PRODUCTS: Apparel

NUMBER OF WORKERS: 418

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.

FLA Code Element	Number of Violations
Compensation	3
Hours of Work	2
Employment Relationship	3
Health, Safety, and Environment	7
Nondiscrimination	2

Findings and Action Plans

FINDING NO.1

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory pays female workers who take the full six months of pregnancy and maternity leave one quarter of their monthly wage as a severance allowance, instead of one half of their monthly wage, as per the legal requirement. [C.1]

Local Law or Code Requirement

Vietnam Labor Code, Article 48; Decree 148/2018/ND-CP, Article 1. FLA Workplace Code (Compensation Benchmark C.1)

Recommendations for Immediate Action

1. <!--[endif]-->Pay female workers who take full six months of pregnancy and maternity leave one half of their monthly wages as severance allowance as per legal requirement.

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Hours of Work

Finding Explanation

1. Overtime hours exceed the legal limit of 30 hours per month. Time records for the period from September 2019 to August 2020 indicate that the monthly overtime hours for 5% to 89% of workers exceeded 30 hours from September 2019 to May 2020, with a maximum of 57 overtime hours in October 2019. [HOW.1.1]

2. The factory does not have an effective system to provide female workers a break for 30 minutes per day, three days per month, for menstruation time, as required by local law. There are 987 female workers working in the factory, but the medical logbook records only indicate a few female workers have taken a break in the clinic room. [ND.8.1]

Local Law or Code Requirement

The Vietnam Labor Code, Article 106 and Article 155; Decree 85/2015/ND-CP, Article 7. FLA Workplace Code (Hours of Work Benchmark HOW.1; Non-discrimination Benchmark ND.8)

Recommendations for Immediate Action

1. <!--[endif]-->Ensure overtime hours do not exceed legal limit of 30 hours per month.
2. <!--[endif]-->Ensure all female workers take 30 minutes of break per day, three days a month, during menstruation time.

FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1. 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]

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmarks FOA.2 and FOA.10)

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not marked the evacuation aisles in canteen. [HSE.25.1]
2. The factory provides health check-ups every six months to workers who undertake heavy, hazardous, and dangerous jobs as per the legal requirement. 1,002 of 1,082 eligible workers were checked in the latest health check-up on June 6, 2020. 80 eligible workers took leave on that day and were not given a health check-up upon return. The workers work in the sewing line, inspection section, cutting section, and packing area. [HSE.1]
3. One of the eight emergency aisles is blocked by a trolley in the sewing line. [HSE.5.1]

Local Law or Code Requirement

QCVN 06:2020/BXD, Clause 3.3.1; Law on Occupational Safety and Hygiene, Article 21; Circular 04/2014/TT-BLDTBXH, Article 5; Vietnam Standard TCVN 3890:2009, Clause 5.1.1. FLA Workplace Code (Health, Safety and Environment Benchmarks HSE.1, HSE.5 and HSE.25)

Recommendations for Immediate Action

1. <!--[endif]-->Mark the evacuation aisles in the canteen.
2. <!--[endif]-->Provide health check-ups every six months to all workers who undertake heavy, hazardous, and dangerous jobs as per

legal requirement.

3. <!--[endif]-->Ensure all evacuation aisles are free from obstruction during working hours.