

Compliance Assessment Report

Thanh Cong Textile Garment Investment Trading JSC

13/08/2020

(dd/mm/yyyy)

Assessment date: 21/07/2020 *(dd/mm/yyyy)*

Cycle: 4

Report ID: 39668

Country: Vietnam

ISIC: C (Manufacturing) - 14 (Manufacture of wearing apparel)

Supplier Name: Thanh Cong Textile Garment Investment Trading JSC
Supplier Address: 36 Tay Thanh Street, Tay Thanh Ward, Tan Phu District,

Previous assessment(s): (dd/mm/yyyy)

07/05/2019, 21/03/2018, 09/02/2017

Total number of assessment reports available (including this one):

4

This compliance report includes information about this factory's compliance performance at the time of the Better Work assessment. The key compliance results are explained in more detail on the following pages.

Copyright Better Work 2020

This publication contains confidential, proprietary and privileged information intended solely for the use, in whole or in part, of those with explicit written permission from Better Work. This report may only be distributed by Better Work. Better Work cannot guarantee the authenticity of the report if received through any other means.

Table of Contents

Factory Visit Information

General information on the factory, on its key strengths and on the assessment process itself.

Overview of Non-Compliance

Overview of the areas of non-compliance found in the factory during the assessment visit.

Detailed Non-Compliance Findings

The following section presents the non-compliance findings recorded by the Enterprise Advisors during the assessment visit.

Additional Information

The following section presents additional comments provided by the Enterprise Advisor.

Better Work Clusters and Compliance Points

Full list of clusters and compliance points assessed during a Better Work compliance assessment visit.

Factory Visit Information

The following section includes general information on the factory, on its key strengths, and on the assessment process itself.

Key Strengths and Process Integrity

Key strengths (Ref 1)

The factory provides a number of monthly allowances and bonuses for workers which go beyond the law requirement such as a transportation allowance (VND 10,000 per working day), a diligence bonus (VND 600,000), a productivity bonus (VND 20,000 - VND 50,000 per worker, VND 60,000 per technical worker, VND 60,000 per team leader for each day on which the production target is met), a childcare allowance (VND 80,000/child up to 6 years old), a bottle of milk/ a day (cutting, ironing, cleaning, and loading workers).

In addition, the factory provides workers with a bonus on Victory Day (VND 200,000), Independence Day (VND 200,000), an annual outing trip support (VND 800,000 per year), a kick- starting bonus on the 1st day after the Lunar new year (VND 200,000), supporting in case of sickness, giving birth, family planning, difficult situations, funeral, marriage (varies from VND 500,000 to VND 10,000,000 depending on each case); a 13th month salary bonus, a night shift allowance: (35%), an achievement bonus, an accident insurance , one time bonus for resignation workers (1/2 of monthly contractual wage for each year worked before 31/12/2008) and an annual performance bonus.

Was the assessor's access to the enterprise unreasonably restricted? [public reporting issue] (Ref 2)

No

How many person days were spent on the assessment visit? (Ref 3)

4

Were documents provided in a timely manner? (Ref 4)

Yes

Provide the titles of the management staff interviewed (Ref 5)

- 1 compliance team leader
- 1 OSH executive
- 1 team leader of infrastructure management
- 1 staff of fire fighting team

How many workers/ union executive committee members/ union group leaders were interviewed? (Ref 6)

41/2/0

Briefly describe the interviews with workers, union executive committee members, and union group leaders (Ref 7)

1. Interviewed Trade Union:

- Union chairperson: HR Director (male)
- Union accountant: cash accountant (female)

2. Workers interviewed:

- Number of workers interviewed: 41 workers (29 females/ 12 males).
- Percentage of total workers: 1.3% (41 out of 3,051 workers).
- Total number of group interviews: 1 group of 5, 1 group of 7
- Number of individual interviews: 29

3. Interview process:

- Interview format: Group and individual interviews.
- Interview location: Workplace (individual interviews) and meeting room (group interviews).
- Worker selection: Workers who appeared to be young, workers from different production areas, workers who are union members and pregnant workers.
- Workers were open to talk to the assessors.

Any significant issues not addressed elsewhere in the report (Ref 8)

The factory registered 5 sewing workshops which are located on the 1st, 2nd and 3rd floor of the building A1 and the ground floor, 2nd floor and a part of the 1st floor (cutting section) of the building A3 in Better Work program. According to the signed MOU between BW and the factory, this assessment does not cover the weaving workshop located on the ground floor of A1 building. It is noted that there are weaving and dyeing workshops on the same campus with the registered workshop but they are out of the assessment scope.

Learning

Has management consulted with elected worker representatives, including trade unions (if present) in determining the training to be offered to workers and their representatives? [pre-stage 2 question] (Ref 9)

N/A

Discrimination

Is age a factor in hiring, employment, or termination? (Ref 16)

Age is not a factor in hiring, employment, or termination.

Freedom of Association and Collective Bargaining

What percentage of workers are union members? (Ref 69)

90%

How many active unions are there in the factory? (Ref 70)

1

For each active union, provide

- the name of the union,
- the number of union members,
- the union's affiliation status (affiliated or non-affiliated with a federation or confederation),
- the name of the federation or confederation with which it is affiliated, if applicable. (Ref 71)

- Grass-roots Trade Union of Thanh Cong Textile Garment Investment Trading JSC;

- 3043 members (including office staff);

- The Union Executive Committee has 15 members (8 females and 7 males);

- Affiliated with Vietnam Textile Garment Trade Union.

If there has been collective bargaining since the last assessment, describe the collective bargaining process that took place between the employer and the union. (Ref 72)

No bargaining has taken place since the last assessment.

If there has been collective bargaining since the last assessment, describe the collective bargaining process that took place between workers and the union. (Ref 73)

No bargaining has taken place since the last assessment.

How many collective bargaining agreements are in effect in the factory? (Ref 74)

1

Provide information about each CBA (Ref 75)

Yes, the factory publicizes the information about the union and about worker's rights through broadcasting on loud-speakers, posting on bulletin boards and disseminating via union leaders.

How many strikes have there been since the last visit? (Ref 76)

0

Provide information about each strike (Ref 77)

N/A

Is information about the union and about workers' rights available in the factory? (Ref 78)

Yes, the factory publicizes the information about the union and about worker's rights through broadcasting on loud-speakers, posting on bulletin boards and disseminating via union leaders.

Are workers involved in internal discussions and decision making processes of the Trade Union/ workers' organization? (Ref 79)

Yes, workers are involved in the discussion and decision making processes of the Trade Union, on topics such as union activities and worker benefits.

How is the union financed? (Ref 80)

Each union member contributes a union fee of VND 20,000 per month. In addition, the factory contributes 2% of the total payroll budget to the union fund, as per the current union law.

Is senior management serving on the union executive committee? (Ref 81)

Yes. The UEC has 15 members. The union chairperson is the HR director; vice-chairpersons are HR team leader, R&D manager. Other UEC members include one manager of the spinning branch, two production team leaders, one accountant, one general affairs manager, one material staff, one transferring staff, one HR staff, one vice manager of sewing plant, one accounting manager, one legal manager, one OSH executive.

As the HR director, manager of the spinning branch, legal manager are the key advisors directly linked to the CEO and Board of director, they represent the management interests in labor-related affairs such as worker disciplines, recruitment, termination, collective bargaining, etc., they are considered as the senior management serving on the UEC.

Compensation

Does the factory have procedures to define labour norms for piece rate workers? (Ref 105)

The factory applies piece rate salary payment for direct production workers, e.g. cutting, preparing, finishing, ironing, sewing, service and QC. The factory has a procedure to define labour norms for piece rate workers. Labour norms are implemented for each step of work, each operation and the entire procedure process.

Labour norms are tested by workers in a sample line over a period of time in order to have the average norms, which ensure that the majority of workers can attain it without prolonging the regular working time. In case where during the ordinary working time, the actual performance calculated in productivity is lower than the average ordinary hour wage, then the labour norms are adjusted within maximum 3 days, through changes to the unit price of each work step, each operation, manpower arrangement and entire procedure process. Labour norms are periodically reviewed, assessed to amend, supplement, and adjusted for conformity based on the material quality, machines, and sewing methods.

It is noted that from Jan - Jun 2020, there were 2,318 workers received the top-up compensation of VND 789,243,752 as a result of their piece-rate wage falling below the statutory minimum wage.

Contracts and Human Resources

How many total workers are employed by the factory? (Ref 138)

3051

How many of the workers are men? (Ref 139)

805

How many regular workers are employed by the factory? (Ref 140)

3043

How many of the regular workers are men? (Ref 141)

803

How many probationary workers are employed by the factory? (Ref 142)

8

How many of the probationary workers are men? (Ref 143)

2

How many training/apprentice workers are employed by the factory? (Ref 144)

0

How many training/apprentice workers are men? (Ref 145)

0

How many temporary workers are employed by the factory? (Ref 146)

0

How many of the temporary workers are men? (Ref 147)

0

How many of the total workforce are migrant workers? (Ref 148)

0

How many of the migrant workers are men? (Ref 149)

0

How many supervisors are employed by the factory? (Ref 150)

101

How many of the supervisors are men? (Ref 151)

31

How many workers have indefinite labour contracts? (Ref 152)

2116

How many male workers have indefinite labour contracts? (Ref 153)

558

How many workers with disabilities are employed by the factory? (Ref 154)

0

How many of the workers with disabilities are men? (Ref 155)

0

Does the factory use any homeworkers? If so, please provide details. (Ref 156)

No, the factory does not use any homeworkers.

Does the factory use subcontractors to complete all or part of the production process? If yes, please provide the name of those subcontractor(s). (Ref 157)

Yes, the factory uses the following subcontractors:

- Washing: Chien Luoc Xanh
- Embroidery: Dong Won Vietnam, Wonil, Hyup Jin Vina, SBM, Hong Quan, Thien Khiem
- Printing: Joo Young, Chung In Vietnam, S&H, Hong Park Vina, Hansoll Kovi Vina, Phung Quang Trung

Does the factory use contractors to provide services at the factory that are not part of the production process? If yes, please provide the name of those contractor(s). *(Ref 158)*

Yes, the factory uses the following contractors:

- Catering: Dussmann Vietnam and Dai Han Kim
- Security: Long Hoang
- Logistics: Thien Bao

Does the factory have a valid business license? *(Ref 159)*

Yes, business license number is 0301446221 issued the 1st time on June 23rd, 2006 and most recently revised the 20th time on July 17th 2019 by the Planning and Investment department of Ho Chi Minh City.

Has the factory received any notices of non-compliance from the labour ministry during the last 12 months? *(Ref 160)*

No

Is there an adequate HR policy that is signed by top management with a clear commitment to meet all legal requirements? *(Ref 161)*

Yes, the factory has several policies covering key HR issues signed by top management that include:

- Mandatory minimum age requirements;
- Appropriate work for young workers;
- Equal treatment and non-discrimination;
- Preventing sexual harassment;
- Legal requirements in relation to termination;
- Freedom of association;
- Working hours and compensation.

Does the employer have an adequate recruitment procedure? *(Ref 162)*

Yes, the factory has an adequate recruitment procedure that includes:

- Hiring criteria that are applied equally to all job applicants;
- Verifying the age of workers prior to hiring;
- Ensuring compliance with legal requirements for workers under age 18;
- Ensuring that workers retain ID documents.

Does the employer have adequate disciplinary and termination procedures? *(Ref 163)*

Yes, the factory has disciplinary and termination procedures that include:

- Clear specification of unacceptable behaviors or performance, including forms of sexual harassment;
- A step-by-step warning system;
- The right to defend oneself prior to termination, and to representation during disciplinary processes;
- Legal notice periods and termination payments;
- Time frames for warnings and payments.

Does the employer have adequate grievance handling and dispute resolution procedures? (Ref 164)

Yes, the factory has grievance handling and dispute resolution procedures that include:

- Clear options for submitting grievances and disputes that ensure anonymity, confidentiality as appropriate and non-retaliation;
- Fair review and appeal process;
- Communication of changes made and/or resolution of grievance/dispute as appropriate.

Does the employer adequately assign accountability to management for following factory policies and procedures relating to HR management and performance? (Ref 165)

Yes, the factory verifies accountability and responsibility for HR officers and the management they report to, through the following:

- Job descriptions;
- Reporting lines/organizational charts;
- Description of job duties and authority.

And the factory practices accountability through evaluation of performance.

Does the employer adequately communicate and implement HR policies and procedures? (Ref 166)

Yes, the factory adequately communicates and implements HR policies and procedures through:

- Recruitment postings;
- Copies of signed worker contracts;
- Induction training for workers and staff;
- Trade union and other worker representatives and/or worker-management committees;
- Policies and internal regulations posted / easily accessible in factory;
- Staff training on how to carry out policies and procedures.

Interviewed workers showed awareness of HR policies and procedures.

Does the employer adequately investigate performance under HR policies and procedures to identify weaknesses and make necessary adjustments? (Ref 167)

Yes, the factory adequately monitors and evaluates the performance of HR policies and procedures, e.g. KPI training (kaizen, capacity building,...), KPI recruitment (ratio of recruitment, average recruitment days for one position, HR award, HR software,...). Where the factory's investigation uncovers shortcomings in HR performance, this investigation is followed by an actual change in practice or procedure.

Did workers freely choose their representatives on the PICC, and do workers know who their representatives are? [pre-stage 2 question] (Ref 168)

N/A

Has there been any retaliation against worker representatives due to their activity on the PICC? [pre-stage 2 question] (Ref 169)

N/A

Where there is a union in the factory, does management maintain open communication channels with trade unions, and do trade union representatives have the opportunity to join the PICC? [pre-stage 2 question] (Ref 170)

N/A

Is the PICC used as an alternative to a trade union? [pre-stage 2 question] (Ref 171)

N/A

Was the grievance mechanism developed through social dialogue between workers/ unions and managers, and are workers aware of the grievance mechanism in the factory? [pre-stage 2 question] (Ref 172)

N/A

Occupational Safety and Health

Is there an adequate OSH Policy that is signed by top management? (Ref 197)

Yes, the factory has a written OSH policy which is signed by the top management, and which includes clear commitment to:

- Continued improvement aimed at elimination of work-related injury and illness;
- Compliance with legal requirements pertaining to OSH;
- Establishing measurable objectives and improvement targets.

This OSH policy was developed in consultation with workers and their representatives (trade union).

Is there an adequate emergency preparedness procedure? (Ref 198)

Yes, the factory has an emergency preparedness procedure which covers:

- Reporting fires and other emergencies (fire, explosion, unannounced power interruption, strike, thief, burglar, food poisoning, chemical incidents, electrocution, being burned, falling down from height and covid-19);
- Alerting all employees to evacuate;
- Evacuating employees to designated assembly location;
- Accounting for all employees after an evacuation.

Is there an adequate hazard/risk management and control procedure? (Ref 199)

Yes, there is a hazard/risk management and control procedure that includes:

- A systematic approach to identifying hazards;
- A structure to prioritize risks based on potential impact and likelihood;
- A hierarchy of controls that are used to select effective controls;
- A risk register that drives the implementation of controls.

Is there an adequate accident investigation procedure? (Ref 200)

Yes, there is an accident investigation procedure that:

- Includes root cause analysis;
- Focuses on sustainable solutions;
- Leads to change in order to avoid reoccurrence.

Does the employer adequately assign accountability to management for carrying out OSH responsibilities? (Ref 201)

Yes, the factory verifies, in writing, accountability and responsibility for the OSH officers and the management they report to, through the following:

- Reporting lines/organizational charts;
- Description of job duties and authority;
- Accountability through evaluation of performance;

In addition, the factory has 4 OSH officers with experience and authority to perform responsibilities and an OSH committee with a mandate to consider OSH issues in the workplace. The members of the OSH committee have time to do their work and time is compensated.

Does the employer adequately communicate and implement OSH policies and procedures? (Ref 202)

No, the factory communicates and implements OSH policies and procedures through:

- worker training relevant to assigned tasks, including induction training;
- training of joint OSH committee;
- posting names of OSH committee members;
- posting of evacuation plans;
- informing visitors/contractors/service providers about relevant OSH policies and procedures;
- policies and work instructions posted and accessible in the factory.

Furthermore, interviewed workers showed awareness of OSH policies and procedures

However, the investigation records did not have victim pictures and did not cover the root causes and solutions properly for re-occurrence prevention and the reason for the work-related accident was only the worker negligence.

Does the employer adequately investigate, monitor and measure OSH issues to identify root causes and make necessary adjustments to prevent recurrence? (Ref 203)

Yes, the factory adequately investigates, monitors and measures OSH issues through:

- Regular tests, surveys and inspections (drinking water test, environmental condition inspection, electrical resistance inspection);
- Logging and analysis of violations of procedures;
- Regular management review of effectiveness of management system including performance on measurable objectives and targets.

Furthermore, accident investigations are followed by an actual change in procedure or practice where required.

How many work-related accidents have there been in the factory in the last 12 months? (Ref 204)

During the last 12 months, there was 1 minor accident relating to electricity.

Overview of Non-Compliance

The following is an overview of the areas of non-compliance found in the factory during the assessment visit. It is based on the compliance assessment tool, which consists of 220 questions.

Core Labour Standards

Freedom of Association and Collective Bargaining

<i>Interference and Discrimination</i>	Employer involvement in union decision making, the formation of the constitution and rules, in union activities, administration, finances or elections [public reporting issue]
--	---

Working Conditions

Occupational Safety and Health

<i>Emergency Preparedness</i>	Marking or posting of emergency exits and/or escape routes in the workplace Size requirements for escape routes Accessible, unobstructed, and/or unlocked emergency exits or escape routes during working hours, including overtime [public reporting issue]
<i>OSH Management Systems</i>	Records of work-related accidents and diseases
<i>Worker Protection</i>	Safe use of machines and equipment

Working Time

<i>Overtime</i>	Monthly overtime limit Yearly overtime limit
-----------------	---

Detailed Non-Compliance Findings

The following section presents the non-compliance findings recorded by the Enterprise Advisors during the assessment visit.

Core Labour Standards

Freedom of Association and Collective Bargaining

Interference and Discrimination

Issue	Employer involvement in union decision making, the formation of the constitution and rules, in union activities, administration, finances or elections [public reporting issue] [Public Reporting Issue No.20614]
Question	Is the employer involved in union decision making, the formation of the constitution and rules, in union activities, administration, finances or elections? (Ref 88)
Finding	<p>The HR Director (UEC chairperson), the manager of the spinning branch and the legal manager (UEC members) are key advisors directly linked to the CEO and Board of directors, they represent the management interests in labor-related affairs such as worker disciplines, recruitment, termination, collective bargaining, etc., they are considered as the senior management serving on the UEC. Therefore, the management is involved in union decision making, the formation of the constitution and rules, in union activities, administration, finances and elections.</p> <p>Documents checked: UEC establishment decision, union records, disciplinary and termination records</p>
Source Consulted	Documentation, Management, Union, Worker,
Legal Reference	ILO Convention No.98 Article 190 of the Labour Code; Article 9 of the Trade Union Law

Working Conditions

Occupational Safety and Health

OSH Management Systems

Issue	Records of work-related accidents and diseases
Question	Does the employer keep updated records of work-related accidents and diseases? (Ref 212)
Finding	<p>As checking on the assessment days, it was found that the factory investigated and recorded all work related accidents happened at workplace. However, the investigation records did not have victim pictures and did not cover the root causes and solutions properly for re-occurrence prevention. The reason for the work-related accident was only the worker negligence.</p> <p>Document checked: work-related accident investigation procedure, work-related accident records and investigation reports.</p>
Source Consulted	Documentation, Management, Worker,
Legal Reference	Clause 3 of Article 142 of the Labour Code; Articles 34-36 of the OSH Law; Articles 9, 10, 13, 16 & 18, and Clause 1 of Article 24 of Decree 39/2016/ND-CP; Item a of Clause 1 of Article 3, and Clause 1 of Article 4 of Circular 08/2016/TT-BLDTBXH; Articles 10 & 11 of Circular 07/2016/TT-BLDTBXH

Worker Protection

Issue	Safe use of machines and equipment
Question	Do workers use the machines and equipment in a safe manner? (Ref 226)
Finding	<p>As observed on assessment days, it found that 3 safety valves of 3 electrical boilers of workshop 3 (building A1) had a small leak during operation, which could lead to the risk of burning during operation.</p> <p>Document checked: safety inspection certificates of electrical boilers, electrical boiler instruction</p>
Source Consulted	Observation, Documentation, Management, Worker,
Legal Reference	Items a & b of Clause 2 of Article 138 of the Labour Code; Clauses 1 & 2 of Article 17 of the OSH Law; Items 5.1.5, 5.2.1, 5.2.4 & 5.2.5 of Article 5 of QCVN: 01-2008/BLDTBXH of Decision 64/2008/QD-BLDTBXH

Emergency Preparedness

Issue	Marking or posting of emergency exits and/or escape routes in the workplace
Question	Are emergency exits and escape routes clearly marked? (Ref 261)
Finding	<p>As observed on assessment days, it found that the escape lines and arrows of sewing lines of workshop 2, 5, 6 were faded.</p>
Source Consulted	Observation, Management,
Legal Reference	Articles 5.2 & 5.5 of Circular 66/2014/TT-BCA; Items 10.1.4, 10.1.5 & 10.1.6 of Clause 10.1 of Article 10 of TCVN 3890:2009; Clause 1.2 of TCVN 4879:1989

Issue	Size requirements for escape routes
Question	Does the employer comply with size requirements for escape routes? (Ref 263)
Finding	As observed on assessment days, assessors found that individual alleys of 7 folding workers of workshop 2 were around 0.5 meter instead of at least 0.7 meter as required by law.
Source Consulted	Observation, Management, Worker,
Legal Reference	Items 3.3.6 & 3.3.7 of Clause 3.3 of Article 3 of Circular 07/2010/TT-BXD; Clause 7.17 of Article 7 of TCVN 2622:1995

Issue	Accessible, unobstructed, and/or unlocked emergency exits or escape routes during working hours, including overtime [public reporting issue] [Public Reporting Issue No.20615]
Question	Are any of the emergency exits or escape routes inaccessible, obstructed, or locked during working hours, including overtime? (Ref 264)
Finding	As observed on assessment days, assessors found that the individual escape routes of 6 ironing workers of workshop 2 and workshop 6 were obstructed by by-product baskets and carts.
Source Consulted	Observation, Management, Worker,
Legal Reference	Item a of Clause 2, and Clause 5 of Article 38 of Decree 167/2013/ND-CP; Item 3.2.10 of Clause 3.2, and Items 3.3.1 & 3.3.5 of Clause 3.3 of Article 3 of Circular 07/2010/TT-BXD

Working Time

Overtime

Issue	Monthly overtime limit
Question	Does the employer comply with monthly limits on overtime hours worked? (Ref 275)
Finding	The factory does not comply with the monthly overtime limit of 30 hours. Based on the overtime statistic record, assessors found out that the highest monthly overtime was 53.65 hours in Jan 2020 by KCS workers. On average, workers have worked around 24 hours of overtime per month during the last 12 months. Documents checked: accumulate OT records, working time records from Jul 2019 to Jun 2020
Source Consulted	Documentation, Management, Worker,
Legal Reference	Articles 106 & 117 of the Labour Code

Issue	Yearly overtime limit
Question	Does the employer comply with yearly limits on overtime hours worked? (Ref 276)
Finding	<p>The factory does not comply with the yearly overtime limit of 300 hours. Based on the overtime statistic record, assessors found out that the highest yearly overtime was 525.7 hours by KCS workers in 2019. On average workers have worked around 297 hours of overtime in 2019. The highest and average overtime hours by workers were 249.12 hours by KCS workers and 136 hours from Jan to Jun 2020.</p> <p>Documents checked: accumulate OT records, working time records from Jul 2019 to Jun 2020</p>
Source Consulted	Documentation, Management, Worker,
Legal Reference	Article 106 of the Labour Code; Item a of Clause 2 of Article 4 of Decree 45/2013/ND-CP

Additional Information

This section of the report contains additional information provided by the Enterprise Advisors on areas NOT found to be in non-compliance, including on certain issues that require findings in all assessments regardless of their compliance status.

Child Labour

Child Labourers

Question	Have you found any workers under the age of 15? (Ref 10)
Finding	<p>The assessors did not see any workers who appeared to be under the age of 15 during the factory observation. A review of factory records and workers' profiles confirmed that all workers are over the age of 15.</p> <p>Documents checked: list of workers, 18 workers' profiles and contracts</p>
Source Consulted	Observation, Documentation, Management, Worker,
Legal Reference	C138 Articles 3, 8 & 164 of the Labour Code

Documentation and Protection of Young Workers

Question	Does the employer have a reliable system in place to verify the age of workers prior to hiring? (Ref 14)
Finding	<p>The factory has a reliable recruitment system to verify the age of workers by first checking their ID cards (original), together with certified CV's and a copy of their family books. The factory also re-checks and confirms this documentation when workers report to work.</p> <p>Documents checked: 18 workers' profiles and contracts, recruitment procedure, list of workers</p>
Source Consulted	Documentation, Management, Worker,
Legal Reference	C138, R146

Discrimination

Gender

Question	Does the employer change the employment status, position, wages, benefits or seniority of workers during maternity leave? (Ref 38)
Finding	Female workers are assigned the same job, with the same terms and conditions as the ones they took before the maternity leave. It is noted that the factory provides workers with a 13th month salary bonus on the occasion of Lunar New Year. The bonus is paid based on the actual working months of workers in the year (including maternity leave period and other leaves for maternity reasons such as prenatal check up). Therefore, maternity workers still received full bonus. Documents checked: salary policy, payment records, and list of maternity and breastfeeding workers.
Source Consulted	Documentation, Management, Worker,
Legal Reference	C111, C183, R191 Articles 8, 155 & 158 of the Labour Code

Freedom of Association and Collective Bargaining

Collective Bargaining

Question	If there is a collective agreement, does it provide more favorable terms and conditions for workers than the law? (Ref 98)
Finding	Yes, the CBA provides more favorable terms and conditions for workers than the law, such as: night shift allowances (35% instead of 30% as required by law), night overtime payment (222.5%, 290% and 425% instead of 210% or 215%, 270% and 390% for night overtime on regular days, weekly rest days and holidays, respectively); year-end bonus, achievement bonus; accident insurance for all employees; holidays bonuses (Victory day with VND 200,000, kick starting bonus on the 1st day after the Lunar new year with VND 200,000, a gift valued at VND 100,000 as minimum for the Lunar new year); annual outing trip valued at VND 800,000; supporting amount for workers in case of sickness, giving birth, family planning, difficult situations, funeral, marriage (varies from VND 500,000 to VND 10,000,000 depending on each case); childcare bonus (VND 80,000/ month/ child under 6 years old for maximum 2 children/ worker); transportation support (VND 10,000 per working day); one time bonus for resignation workers (1/2 of monthly contractual wage for each year worked before 31/12/2008). Documents checked: CBA
Source Consulted	Documentation, Management, Union, Worker,
Legal Reference	ILO Convention No.98 Article 73 of the Labour Code

Compensation

Minimum Wages/Piece Rate Wages

Question	Does the employer pay at least the legal minimum wage for ordinary hours of work to regular full time workers who perform the simple work under normal conditions? (Ref 106)
Finding	<p>Since Jan 1st, 2020, the lowest salary applied in the factory has been VND 4,966,000 per month, which is higher than the legal regional minimum wage of VND 4,420,000. In 2019, the lowest salary was VND 4,697,000 per month which was higher the legal minimum wage of VND 4,180,000 for the region.</p> <p>Direct production workers, e.g. cutting, preparing, finishing, ironing, sewing, service and QC workers are paid by piece rate. The factory provides an additional compensation for piece rate workers to ensure that workers earn at least the legal minimum wage, if their monthly piece rate wage is lower than the legal minimum wage in any particular month.</p> <p>Documents checked: Wage scale and table in 2019, 2020; Working time records and Payrolls from Jul 2019 - Jun 2020.</p>
Source Consulted	Documentation, Management, Worker,
Legal Reference	Clause 1 of Article 90, and Clause 1 of Article 91 of the Labour Code; Decree 157/2018/ND-CP; Item a of Clause 1 of Article 21 of Decree 05/2015/ND-CP

Premium Pay

Question	Does the factory incorporate all required allowances and additional payments into the calculation of wage-based benefits (e.g. social insurance payments, overtime, paid leave, etc.)? (Ref 118)
Finding	<p>All worker allowances such as diligence allowance and productivity bonus depend on line/factory revenues or workers' performance and attendance; therefore do not constitute wage-based allowances that need to be incorporated into related wage-based benefit calculations.</p> <p>Documents checked: Wage policy, Working time records and Payrolls from Jul 2019 - Jun 2020, insurance and termination payment records.</p>
Source Consulted	Documentation, Management, Worker,
Legal Reference	Article 90 of the Labour Code; Item 2 of Article 89 of the 2014 Social Insurance Law; Articles 21, 25 & 26 of Decree 05/2015/ND-CP; Article 17 of Decree 115/2015/ND-CP; Articles 3, 6-8 of Circular 23/2015/TT-BLDTBXH; Article 4, Clause 1 of Article 8, Clause 3 and Item c of Clause 4 of Article 14 of Circular 47/2015/TT-BLDTBXH; Article 30 of Circular 59/2015/TT-BLDTBXH

Wage Information, Use and Deduction

Question **Does the employer keep only one accurate payroll record?** (Ref 121)

Finding The factory keeps only one accurate payroll record for its regular workers. The payroll record includes headings such as section/department, employee codes, each worker's name, basic salary, transportation allowance, diligence bonus, productivity bonus, total wage, number of ordinary working days, number of annual leave days, total paid days and pay, number of overtime hours and pay, child care allowance, total payment, deductions (insurances, income tax and union fees), actual salary received and the worker's signature.

Workers sign the payroll records and receive a copy of their payslips.

Documents checked: payroll records from Jul 2019 to Jun 2020, salary policy, insurance records

Source Consulted Documentation, Management, Worker,

Legal Reference **Clause 1 of Article 4, Clause 3 of Article 6, Clause 1 of Article 14, and Clause 3 of Article 27 of the Law on Accounting**

Contracts and Human Resources

Employment Contracts

Question **Do all persons who perform work for the factory, both on the premises and offsite, have a contract?** (Ref 176)

Finding All workers have contracts. Cleaning workers and porters receive a 6-day probationary contract while all other workers receive a 30-day probationary contract. After their probationary period, workers are given 1 or 2 consecutive 12-month fixed term contracts, and followed by an indefinite term employment contract.

Documents checked: list of workers, 18 workers' profiles and employment contracts

Source Consulted Documentation, Management, Worker,

Legal Reference **Clause 1 of Article 18, and Clause 2 of Article 16 of the Labour Code**

Occupational Safety and Health

OSH Management Systems

Question **Does the employer conduct risk assessment?** (Ref 207)

The employer conducts the risk assessment including hazardous and harmful elements at the workplace following section by section and on-the job analysis. It is recommended that the factory should update hazards associated with several works and activities arisen during operation, such as:

- Finding
- welding work of sewing small templates
 - using laser beam to allocate striped fabrics for cutting work
 - operating hot pressing machines

Document checked: risk assessment procedure and records

Source Consulted Documentation, Management, Worker,

Legal Reference **Item c of Clause 1 of Article 138, and Article 151 of the Labour Code; Clause 4 of Article 16, Articles 18 & 77 of the OSH Law; Articles 3-7 of Decree 39/2016/ND-CP; Articles 3-7 of Circular 07/2016/TT-BLDTBXH**

Question **Has the employer set up a properly functioning Unit in charge of OSH and/or OSH Council?** (Ref 210)

The factory sets up a properly functioning unit in charge of OSH. There are 4 full-time OSH officers which meet the legal requirements for the factory of this size, such as one officer has the mechanism diploma at intermediate level with 27-year working experience in the factory, one has the university diploma of chemistry with 19-year working experience in the factory and the rest two ones have 27-year working experience as OSH officers in the factory. All OSH officers were provided with the OSH training of group 2 and granted certificates, as required by law.

- Finding
- The OSH committee, established in Oct 2017 and updated in Oct 2019, is composed of 12 members (including 2 females and 10 males) and 2 of them are Trade Union representatives. All members have meeting every 6 months to consider and discuss OSH issues in the workplace

Documents checked: diplomas, job description and training certificates of OSH officers, establishment decision of OSH committee, meeting records

Source Consulted Documentation, Management, Worker,

Legal Reference **Clause 1 of Article 14, Articles 72 & 75 of the OSH Law; Clauses 2-4 of Article 36, and Article 38 of Decree 39/2016/ND-CP; Clause 2 of Article 17, Clause 2 of Article 18, Clause 1 of Article 21, Clause 1 of Article 24, and Article 25 of Decree 44/2016/ND-CP**

Worker Protection

Question	Does the employer provide workers with all necessary personal protective clothing and equipment? (Ref 221)
Finding	<p>PPE is provided, free of charge, for all workers who are exposed to occupational safety and health hazards, including metal gloves for cutting workers; dust masks and slippers for all workers; safety belts, helmets, boots, goggles, earplugs, insulated gloves and shoes for electricians; gloves, goggles, earplugs, shoes and welding masks for maintenance and welding workers; helmets and shoes for forklift operators; gloves, respirators, goggles and boots for workers working in the chemical storage; goggles, gloves and carbon masks for spot cleaning workers; gloves, boots and hats for cleaning workers.</p> <p>PPE is renewed as required.</p> <p>Documents checked: PPE regulation and logbooks</p>
Source Consulted	Documentation, Management, Worker,
Legal Reference	Article 149 of the Labour Code; Clause 3 of Article 16, and Article 23 of the OSH Law; Circular 04/2014/TT-BLDTBXH

Health Services and First Aid

Question	Do workers receive free periodic health checks as required by law? (Ref 242)
Finding	<p>The factory provides health checks for all workers (exposed to work-related hazards) and gynecological health checks for female workers every 6 months. The health checks were organized in Jul 2019, Dec 2019 and Jul 2020, the gynecological health checks were organized in Apr - May 2019, Dec 2019. Due to affection of Covid-19 pandemic, the factory will organize gynecological health checks in Aug 2020.</p> <p>Documents checked: health check records in 2019 and 2020</p>
Source Consulted	Documentation, Management, Worker,
Legal Reference	Clause 2 of Article 152 of the Labour Code; Clauses 1 & 2 of Article 21 of the OSH Law; Article 11 of Decree 45/2013/ND-CP; Item 3 of Article 6 of Circular 14/2013/TT-BYT

Emergency Preparedness

Question	Are there at least 2 possible exits for all workers, where required? (Ref 262)
Finding	<p>All workplaces have 4 exits with doors open outwards. But in workshop 6 (building A3), there is one warehouse of accessories (the length of 14 meters and width of 4 meters) with 3 staff working on assessment days which has one sliding door exit instead of door open outward. It is noted that the factory has a lock to keep the sliding exit door open during working time, the warehouse team leader keeps the key of the lock.</p>
Source Consulted	Observation, Management, Worker,
Legal Reference	Items 3.2.3, 3.2.5, 3.2.6, 3.2.7 & 3.2.9 of Clause 3.2 of Article 3 of QCVN 06:2010/BXD of Circular 07/2010/TT-BXD; Clause 7.7 of Article 7 of TCVN 2622:1995

Question **Does the employer conduct at least one emergency drill per year? (Ref 265)**

Finding The employer conducts emergency drills (fire-fighting & evacuation) twice per year, in which once with the participation of the fire police, as required by law. The latest drill was organized in Dec 2019 with fire police, and the internal drills were in May 2019 and May 2020. All were with all workers participated.

Documents checked: minutes and pictures of fire drill of 2019 and 2020

Source Consulted Documentation, Management, Worker,

Legal Reference **Item a of Clause 1 of Article 140 of the Labour Code; Item 7 of Clause 6 of Article 1 of Decree 46/2012/ND-CP; Clause 4 of Article 12 of Circular 66/2014/TT-BCA**

Working Time

Regular Hours

Question **Do regular working hours exceed 10 hours per day, or 48 hours per week? (Ref 269)**

Finding The factory's regular working hours do not exceed 10 hours per day and 48 hours per week. It operates from Monday to Saturday and its standard working hours are from 7:30 am to 4:30 pm for all workers, with 1-hour lunch breaks from 10:30 am to 12:45 pm which is varied in 5 sewing workshops. Since the factory operates 6 days per week, with 8 hours per day for its regular working hours, there are 48 hours in a regular week.

Documents checked: Internal Work rules, Working time records of Jul 2019 - Jun 2020

Source Consulted Documentation, Management, Worker,

Legal Reference **Article 104 of the Labour Code; Decision 1152/2003/QĐ-BLĐTBXH; Decision 1629/LĐTBXH-QĐ; Decision 1453/LĐTBXH-QĐ**

Overtime

Question **Does the employer comply with daily limits on overtime hours worked? (Ref 274)**

Finding The factory complies with the daily overtime limit of 4 hours. Based on the overtime statistic record, assessors found out that workers have worked 0.5 to 3.5 hours during the last 12 months. The highest daily overtime was 3.5 hours in Feb 2020 in finishing section. The highest and average weekly overtime hours by workers were 13.5 hours in Jan 2020 by KCS workers and 6 hours.

Documents checked: accumulate OT records, working time records from Jul 2019 to Jun 2020

Source Consulted Documentation, Management, Worker,

Legal Reference **Article 106 of the Labour Code; Clause 1 of Article 4 of Decree 45/2013/ND-CP**

Question	Does the employer ensure that workers have on average at least 4 rest days per month when weekly rest is not possible? (Ref 278)
Finding	The workers have not worked any Sundays for the last 12 months. Documents checked: accumulate OT records, working time records from Jul 2019 to Jun 2020
Source Consulted	Documentation, Management, Worker,
Legal Reference	Clause 1 of Article 110 of the Labour Code

Better Work Clusters and Compliance Points

Better Work carries out factory assessments to monitor compliance with international core labour standards and national labour law, and where national law either fails to address or lacks clarity around a relevant issue regarding conditions at work, according to benchmarks established by Better Work based on international labour standards and good practices. Better Work organizes reporting into eight areas of labour standards, also known as clusters. Four of the clusters are international core labour standards, based on fundamental rights at work and four are based on national labour law relating to working conditions. As such, factory assessments aim to monitor compliance with these areas.

Core labour standards: Adopted in 1998, the ILO Declaration on Fundamental Principles and Rights at Work commits Member States to respect and promote principles and rights in four categories, whether or not they have ratified the relevant Conventions. These categories are: freedom of association and the effective recognition of the right to collective bargaining, the elimination of forced labour, the abolition of child labour, and the elimination of discrimination in respect of employment and occupation. The relevant ILO Conventions from which the 1998 Declaration derives—29, 87, 98, 105, 100, 111, 138, and 182—provide the framework for assessing non-compliance in the core labour standards clusters across all Better Work country programmes.

National labour law: The four other clusters monitor compliance with standards primarily set by national law, so they vary from country to country. This set consists of compensation, contracts and human resources, occupational safety and health, and working time.

Each of the eight clusters is divided into its key components, known as “compliance points”. Each of these compliance points contains specific questions that may vary from country to country. The detailed list of compliance points can be found at the following link:
<http://links.betterwork.org/compliance>