

FLA Audit Profile	FLA IEV Profile
Country	Vietnam
Factory name	0702444SE
IEV	0702444SEV
Date(s) in facility	November 13-14, 2006
PC(s)	Nike, Inc.; Columbia Sportswear Co.
Number of workers	2170
Product(s)	Claps
Production processes	Cutting, Preparation, Sewing, Packing

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						Remediation				Updates (Cite Date of Follow Up)		Third-Party Verification		Company Follow Up	
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation	Notable Features	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (Cite Date)	Documentation	Completed, Pending, Ongoing	Company Follow Up	Documentation	External Verification (November 29-30, 2010)	Documentation
1. Code Awareness																		
Workers/Management Awareness of Code		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Code of conduct (COC), factory policies, and code requirements have not been communicated to subcontractors (laundry, recruiting agents, canteen). i.e., 4 canteen workers born in 1988 cannot be verified as July 18 years of age.			management interview, record review		Factory to review issue with all subcontractors, communicate train COC and policies to ensure strict implementation.	4/1/2007	We communicated again to our subcontractors (Subcontractor name), and asked for which hired workers needed their age verified that they over 18 years of age. We ensure that 4 canteen workers [are] July 18 years of age.	1/4/2007	factory policies, factory regulation	Completed			Pending: As explained by factory representative, factory communicated the company's COC to subcontractors (laundry, canteen suppliers) only verbally, after signing business contracts. There is no adequate evidence proving that factory has been communicating the company's COC to subcontractors.		1) Factory created cooperative agreement between factory and subcontractor to explain brand's COC policy. Every subcontractor signed individual documents.
2. Forced Labor																		
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.																		
3. Child Labor																		
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																		
4. Harassment or Abuse																		
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																		
5. Nondiscrimination																		
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																		
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	In 1 documented case, a pregnant worker's contract was not renewed. At the request of PC, this case was resolved recently and no further cases found. Monitors found that factory's internal job application forms include marital status, which suggests a potential risk of discrimination, that may require further follow up.					Factory to keep track of pregnant workers to ensure all benefits are provided. Factory to revise application form taking out all non-work related information.	4/1/2007	The case happened in September 2006 as factory accompany with Nike to handle the status. It is a careless issue, they renewed contract with the worker immediately. Relating to the job application forms with marital status, they accepted the auditor's suggestion, they are fixed to be renewed on November 16, 2006.	1/4/2007	factory regulation, factory policies	Completed			Completed: Factory established a written policy on non-discrimination and communicated it to all workers. The monitor also reviewed factory's internal job application form and observed that the marital status information has been removed. Review of 41 sets of personnel profiles of all pregnant workers, confirmed that labor contracts have been properly signed and maintained.	review 41 sets of personnel profiles of pregnant workers	
6. Health and Safety																		
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																		
Fire Safety: Health and Safety Legal Compliance	Labor Code, Article No. 37, Decree No. 06/CP dated 1/20/1995 giving detailed instruction for the enforcement of relevant provisions of the Labor Code on occupational safety and health. Circular No. 13/BYT-TT dated 10/24/1996 giving instructions for the administration of occupational health, employee's health, and occupational diseases.	Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. Factory will possess all legally required permits.	Air compressor operators have not been properly trained and certified as per local law.			management interview, record review		Factory to have all air compressor operators trained and certified as per local law.	4/1/2007	Air compressor operators have been certified by authorized 3rd party last August 2006, would renew accompany with operators training this May.	1/4/2007	training record	Ongoing			Completed: There are 4 air compressors currently used at factory. 3 operators have been properly trained and certified by the local authorized department.		
Evacuation Procedure	Article 102 of Labor Code. Circular No.08/DTBXH-TT dated 11 Apr 1995 & Circular No.23/LDTBXH-TT dated 19 Sept 1995.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/levels, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Aisle in embroidery room is narrow and partly blocked by structural columns and only 1 exit door exists.			visual inspection		Factory to install 1 more door exit.	4/1/2007	Have installed 2 exits to provide for narrow exit.	1/4/2007		Completed			Pending: The corrective action has not been completed. Visual observation in the embroidery room revealed that the aisles are still partly blocked by structural columns. There are 2 emergency exits, however, 1 exit did not have emergency light/sign installed. The emergency routes at several different sections, including sewing and the finished products areas, were obstructed. 1 of the emergency exits at the packing unit was blocked.		1) Factory will move a wall to enlarge the aisle for proper width of evacuation route by July 2011. 2) Emergency lights and exit signs have been installed above the exit door in embroidery room. 3) Brands did not see any obstructed aisles during the walkthrough. 4) All emergency exits at packing units were unlocked during the walkthrough.
Safety Equipment	Circular No. 13/BYT-TT dated October 24th, 1996: 3.1.1. At the workplace holding harmful and dangerous elements likely to cause occupational accidents the employer shall provide medical technical facilities such as first aid medicines, anti-dose, emergency charts, dressing, cotton-wool, gauze, scissors, stretchers, gas mask, poison prevention and ambulance car.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	First aid boxes are not checked regularly and restocked. Some boxes not fully stocked according to stock list. 1 first aid box inspected had not been restocked since 2006 and contained expired medicines. No eyewash as per previous request from PC audit.			visual inspection record review		Factory to review all first aid boxes and come up with protocols for frequent check and restock. Factory to install eyewash.	4/1/2007	Have been checked regularly per week. And as no stock, as we increase drug immediately and maintain regularly. They make a mistake to buy eye drug for eyewash, then. So far, it is improved.	1/4/2007		Completed			New Finding: 20% of sewing workers did not wear any shoes/slippers while operating sewing machines. This might cause electrical shock.		1) Factory has established a policy that workers must wear shoes/slippers while operating the sewing machines. 2) Policy has been communicated to the workers. 3) Top management regularly checks on proper implementation.

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Safety Equipment	Circular No. 13/2005/TT dated October 24th, 1996: 3.1.1. At the workplace having harmful and dangerous elements likely to cause occupational accidents the employer shall provide medical technical facilities such as first aid medicine, anti-dose, emergency charts, dressing, cotton-wool gauze, scissors, stretchers, gas mask, poison prevention and ambulance car.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Fire alarm system is not adequate or accessible to workers in many areas. Alarm in Factory A only in management office. No alarm in Factory C on ground floor. Alarm in office building has been disconnected due to false alarm. Staff reported that workers/staff can sound alarm by calling the office. Government fire inspection on September 28, 2008 required automatic fire alarm system in materials warehouse.				visual inspection, record review		Install automatic fire alarm system in material warehouse.	4/1/2007	Fire alarm has been fixed. Meanwhile, they increase automatic sprinkler system in our warehouse. They also announce to our workers "no fire no touch alarm."	1/4/2007		Completed			Completed: The corrective action has been improved. Appropriate fire alarm system has been installed adequately at 3 facilities (Workshop A, B, and C) for necessary use. Workshop A: 3 fire alarms; Workshop B: 4 fire alarms; Workshop C: 2 fire alarms. Random test of 1 alarm at Workshop B revealed that the fire alarm is currently working properly.		
Machinery Maintenance	Article 98 of Labor Code: The employer must have adequate protection for parts which may easily cause dangers and sections of machinery and equipment within the enterprise.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Needle guards and eye shields lacking on most machines.				visual inspection	Factory to install needle guards and eye shields.	4/1/2007	Have reset needle guards for sewing workers and eye shields for hole machine.	1/4/2007		Completed			Pending: Visual observation revealed that eye shields of several sewing machines are missing. Needle guards have been installed; however it was observed that workers do not use needle guards.		1) During the walkthrough, brands observed a few machines still needing eye shields to be installed. 2) During the walkthrough, brands observed that all sewing machines had needle guards installed.	
Sanitation in Dining Area	Decision No. 41/2005/QĐ-BYT dated 12/08/2005	All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	[Some of the] canteen staff have not undergone required health checks as per law.				record review, management interview	Factory to arrange health checks for all canteen staff.	4/7/2007	Change to new canteen subcontractor; all canteen staffs have undergone health checks.	1/4/2007		Completed			Pending: There were 15 canteen staff working in the canteen area on date of audit. Document check revealed that all have had regular health checks twice a year. On the other hand, it was observed that 7 out of 15 workers were not properly trained and certified with hygiene training conducted by the local authorized department. (Vietnam Labor Law 39/2005/QĐ-BYT - Part III - Clause 17)	document check	Factory provided documentation for most canteen workers, but the brands found at least 1 worker on site who did not have documentation of regular health check nor hygiene training. Factory will provide by March 2011.	
Worker Participation	Joint Circular No. 14/1998/TT-LT-BYT-BLDTBXH-TLDDVN dated 31 Oct 1998	Workers should be involved in planning for safety, including through Worker Safety Committees.	Safety Committee has not been established as per Joint Circular No. 14/1998/TT-LT-BLDTBXH-BYT-TLDDVN				record review, management interview	Establish Safety Committee with involvement from trade union.	4/1/2007	Safety Committee has been set up with trade union member as Vice Chairman.	1/4/2007		Completed			Completed: The Safety Committee was established on July 19th, 2010 as required by Vietnam Labor Law (Joint Circular No. 14/1988/TT-LT-BLDTBXH-BYT-TLDDVN).	management interview, document review		
7. Freedom of Association and Collective Bargaining																			
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																			
Right to Freely Associate		Workers will have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment.	There is no record of workers applying to join the union.				management interview, record review	Factory to document trade union application forms.	4/1/2007	Factory is improving by asking trade union work more effective.	1/4/2007	trade union application list	Completed			Completed: Interview with the chairman of trade union revealed that every worker is free to join union. Workers fill up the Union Registration Form and submit it to the trade union for membership. Record review confirmed that all related records to apply for membership were adequately obtained.	interview with chairman of trade union, record review		
Compliance to Local Collective Bargaining Laws	Chapter V of Labor Code; Decree No. 196/CP; Decree No. 93/2002/NĐ-CP	Employers will comply with all national and local laws and regulations concerning collective bargaining and free association. Where conflicts are known to exist, employers will use the standard that provides the greatest protection for workers.	Trade union chairwoman was not duly elected by members as per local legal procedures. (She was selected by committee.)				record review, interview with management and union leader	Factory to fix the issue in the next coming election (scheduled to be in March 2007).	4/1/2007	They would be voting new worker representative and elected chairman after committee members voted March 30, 2007.	4/1/2007	GBA grievance system	Ongoing			Completed: [IT department staff name] was elected as chairman of trade union for the period 2008-2011, starting from November 2008. Record review revealed that chairman was elected properly by all workers, according to the local legal procedures.			
Access to Unions		Trade unions not recognized as bargaining agent of some or all workers in a facility should have the means for defending the occupational interests of their members, including making representations on their behalf and representing them in cases of individual grievances, within limits established by applicable law. Workers representatives should have the facilities necessary for the proper exercise of their functions, including access to workplaces.	Workers are not aware of union leader or union's role in grievance system. Union appears non-functional.				worker interview	Factory to provide training to workers on trade union and grievance system. Training plan required.	4/1/2007	Hold training for workers what trade union's function is.	4/1/2007	training record	Ongoing			Completed: Written grievance procedures clearly cite the role of the union in the grievance system. All new and existing workers have been communicated on the role of the union in the grievance procedure.			
8. Wages and Benefits																			
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																			
Others	Article 57 of the Labor Code: Upon formulation of a wage scale, wage table and labor rates, employer must consult executive committee of trade union of enterprise; wage scale and wage table must be registered with body in charge of state administration of labor of the province or city under central authority where head office of enterprise is located and must be publicized within the enterprise.	Wage scale system has not been finalized and approved as requested by government inspection. Also cited: allowances and bonus should be included and clarified.	In general, workers will have access to understandable information about their wages and benefits, and will not express dissatisfaction with their ability to get information				record review, management interview	Factory to push up the process of getting wage scale done and approved by local authorities.	4/1/2007	Officially/authorized approval by HEPZA.	1/4/2007	wage scale	Completed			Completed: Wage scale was prepared and has been approved by (City name) Industrial Zone Department March 29th, 2010. All allowances and bonuses are clearly cited upon the wage scale.			

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9. Hours of Work																				
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.																				
Overtime Limitations	Article 72 of the Labor Code: In every week, each employee shall be entitled to a break of at least 1 day (24 consecutive hours). Circular No. 14/2003/TT-BLĐTBXH In special cases where, due to production cycle, it is impossible to arrange weekly rest, it must be ensured that laborers shall have at least 4 rest days in a month; Article 68, 69 of the Labor Code Circular No. 15/2003/TT-BLĐTBXH dated 06/03/2003 The overtime must not exceed 4 hours a day, 16 hours a week, 14 hours in 4 consecutive days and 300 hours a year.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of country of manufacture or, where the laws of such country will not limit the hours of work, regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7-day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	OT in excess of code and local law. Some cases over 12 OT hours per week in September-October. Cases over 300 hours from January-October. (Management is in process of working on action plan to reduce OT by adding lines and workers).	record review, worker interviews	Factory needs to review OT policy, as well as capacity issue, to make sure OT policy is strictly followed. Factory to come up with OT tracking system to ensure there is no OT violation.	4/1/2007	Adjust to keeping OT control from September 20, 2007.	3/9/2007	OT accumulate, OT summary	Ongoing										January 16. During the walkthrough brands found a notebook from October production that listed workers' names as working on a Sunday. Factory management thinks there is some misunderstanding about Sunday work, their policy is no Sunday work and they try to control overtime. They will look into this issue and respond with their comments. January 20. Factory emailed comments: The factory explained that booklet is attendance booklet of line 52 supervisor. The supervisor reported to management that notebook was used for personal recordings of a "bottle" (book of money pooling for personal loans between workers, not involving factory money). Brands recommended to factory that they should keep records of personal dealings between workers separate from factory records.
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10. Overtime Compensation																				
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																				
Miscellaneous																				