

FLA Audit Profile	
Country	Vietnam
Factory name	12008479C
IEM	Global Standards
Date(s) in facility	October 28-29, 2004
PC(s)	Reebok
Number of workers	11500
Product(s)	Footwear
Production processes	Uppers Cutting and Stitching; Rubber Bottoms; PU; Stockfit; Assembly

Findings							Remediation					
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation (If Finding Corroborated/ Verified Via Multiple Sources, List All)	If Not Corroborated, Explain Why	Best Practice	PC Internal Audit Findings (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (Cite Date of Follow Up)	Documentation
1. Code Awareness												
Worker/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 awareness is low. PC has posted code and provided code training for management. However, no code training conducted for staff, supervisors or workers.	No code training records or documentation for staff, supervisors, line leaders or workers. Confirmed in interviews with management and union.			Factory conducts general code of conduct training and harassment/abuse training for all new workers. However, this orientation training only lasts one hour and does not sufficiently cover the breadth of all factory and Reebok regulations.	Factory and union must develop a more comprehensive training program for workers that covers all relevant aspects of factory regulations, Reebok Human Rights Production Standards [RHRPS]; harassment and abuse; and disciplinary procedures.	15-Dec		(Dec 2004) Factory has hired several new personnel in their human rights department (since audit have increased HR staff from 2 to 5), 1 new member of HR dept responsible for trainings. Factory assigns individual in HR accountable for orientation that includes code training. (Jan 15, 05) Factory developed its trainings plan for 2005 that includes 2 code trainings for local supervisors and managers and 2 for expats. (Aug 23, 05) Factory conducted 1 code training for expats April 23 and a number of trainings on Saturdays in July and August 2005 for supervisors, managers and expats. Reebok conducted 1 code training for local supervisors and managers July 29.	(Jan 15, 05) Reebok monitor received factory's 2005 training plan and the orientation materials that include code training. (Aug 23, 05) Reebok monitor reviewed factory's training material and pictures.
Confidential Noncompliance Reporting Channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	Best practice. PC has posted contacts for workers to communicate directly and securely to PC compliance representative.	Visual inspection, Worker interviews, Management interviews		PC posted contacts for workers directly and securely to PC						
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 of abuse.												
Progressive Discipline	Article 85 of Labor Code: Dismissal shall be applied as a disciplinary measure only in cases of Article 85.1 of Labor Code.	Employers will utilize progressive discipline, e.g., escalating discipline using steps such as verbal warning, written warning, suspension, termination. Any exceptions to this rule, e.g., immediate termination for theft or assault, shall be in writing and clearly communicated to workers.	Factory dismissed workers for infractions not included in written policies and work rules in violation of code and local law.	Discipline records, Management interviews, HR and Union interviews			Factory management explained that 3 workers dismissed for (case #1) using fake personnel records, (case #2) misusing fire alarm, (case #3) not being cooperative with security guards (food not allowed in factory, but worker threw food with rice into face of security guard when reminded of regulation). Factory alleges these infractions included in recruitment policy, security policy, factory regulations. Also, Article 85 of labor code allows them to dismiss employee who breaches 2 rules (case #3: bringing food, serious harassment) or commits conduct seriously detrimental to assets or wellbeing of company (case #2). Reebok requests factory add language to policies stipulating that workers may be dismissed for presenting falsified documents during recruiting process.		31-Mar		(Mar 18, 05) Reebok monitor has reviewed factory policies and found that recruitment policy has now been updated to include presentation of falsified personal identification as a prohibited behavior warranting dismissal. All other behaviors causing dismissal of workers found by auditor are also documented in factory regulations as indicated by the factory.	(Mar 18, 05) Documentation review: Revised recruitment policy and disciplinary measures on file. The revised policies were seen posted on bulletin boards.
Physical Abuse	Article 7.3 of Decree No.41/ CP dated 6 Jul 1995: All acts offending either the body or dignity of workers in the course of application of disciplinary measures are prohibited. Article 5.2 of Labor Code: Maltreatment of workers and use of forced labor in whatever form are prohibited.	Employers will not use physical discipline, including slaps, pushes or other forms of physical contact (or threats of physical discipline).	Reports of physical contacts/assaults	Complaint letters, Management and Union interviews	Management is investigating 2 incidents involving managers and supervisors. Preventative measures needed.		Factory developed a clear non-harassment policy which includes procedure, reporting system, and disciplinary methods. Non-retaliation pledge is also posted everywhere. Senior manager assigned responsible for all aspects of non-harassment. Yet, policy has not been strictly implemented.	Factory must develop detailed written action plan, including implementation deadlines, addressing the following: (1) organization chart must assign accountability for all aspects of proper implementation of policy, including specific consequences for improper implementation; (2) restructuring problem-solving committee to ensure active participation of union and workers; (3) identifying qualified trainers to conduct quarterly manager/supervisor trainings on non-harassment (with focus on cultural differences and behaviors). Training schedule for upcoming 12 months must be submitted; (4) specific plan to enforce disciplinary consequences must be developed, including monthly meeting to review and confirm enforcement, and (5) accountability must be assigned for documenting all actions in a systematic and transparent manner.	15-Dec		(Mar 18, 05) Factory re-established and restructured org chart for Problem Solving Committee to include clear accountability and ensure active participation of Union and workers. Human Rights dept will conduct 4 trainings for local supervisors/managers and expats in 2005. Human Rights dept, Human Resources dept and Union have met twice since Jan 05 to discuss disciplinary issues; however, enforcement plan needs revision. Individual in HR dept now accountable for documentation. (Aug 23, 05) Factory conducted a number of trainings on Saturdays in July and August for supervisors, managers, and expats.	(Mar 18, 05) Training documentation review: Pictures and training material for local supervisors/managers in Feb 2005. (Aug 23, 05) Reebok monitor reviewed factory's training material and pictures.
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	Supervisors and Managers are not trained or provided clear written guidance on discipline.	No training records, Management interviews, HR and Union interviews			Factory must provide develop clear procedures on disciplinary practices, communicate these procedures to both supervisors and workers in writing. Factory should submit a plan for training supervisors and managers on appropriate disciplinary practices.		31-Mar		(Mar 18, 05) Factory has developed clear policies and procedures regarding disciplinary practices. Human Rights dept has submitted a plan to conduct 4 trainings on harassment, particularly disciplinary procedures, for both local and expat supervisors and managers throughout 2005. (Aug 23, 05) Factory conducted a number of trainings on Saturdays in July and August for supervisors, managers, and expats.	(Jan 15, 05) Factory non-harassment trainings plan for 2005 on file. (May 18, 05) Training material and pictures have been reviewed. (Aug 23, 05) Reebok monitor reviewed factory's training material and pictures.
Record Maintenance	Article 87.4 of Labor Code: A record on the proceedings concerning disciplinary action shall be made.	Employers will maintain written records of disciplinary actions taken.	Discipline files are often incomplete, lacking history of previous warnings or offenses. Written records of discipline to managers are not kept.	Discipline records, Management interviews, HR and Union interviews			Factory has developed clear non-harassment policy which includes procedure, reporting system, and disciplinary methods. Non-retaliation pledge is also posted everywhere. Senior manager assigned responsible for all aspects of non-harassment. Yet, policy has not been strictly implemented.	Factory must develop a detailed written action plan, including implementation deadlines, addressing the following: (1) organization chart must assign accountability for all aspects of proper implementation of policy, including specific consequences for improper implementation; (2) restructuring problem-solving committee to ensure active participation of union and workers; (3) identifying qualified trainers to conduct quarterly manager/supervisor trainings on non-harassment (with focus on cultural differences and behaviors). Training schedule for upcoming 12 months must be submitted; (4) specific plan to enforce disciplinary consequences must be developed, including monthly meeting to review and confirm enforcement, and (5) accountability must be assigned for documenting all actions in a systematic and transparent manner.	15-Dec		(Mar 18, 05) Factory re-established and restructured org chart for Problem Solving Committee to include clear accountability and ensure active participation of Union and workers. Human Rights dept will conduct 4 trainings for local supervisors/managers and expats in 2005. Human Rights dept, Human Resources dept and Union have met twice since Jan 05 to discuss disciplinary issues; however, enforcement plan needs revision. Individual in Human Resources dept now accountable for documentation. (Aug 23, 05) Factory conducted number of trainings on Saturdays in July and August for supervisors, managers, and expats.	(Jan 15, 05) Factory organization chart of problem-solving committee and factory's 2005 training plan on file. (Mar 18, 05) Training documentation review: Pictures and training material for local supervisors/managers in Feb 2005. (Aug 23, 05) Reebok monitor reviewed factory's training material and pictures.

FLA Code/Compliance Issue	Findings						Remediation					
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation (If Finding Corroborated/ Verified Via Multiple Sources, List All)	If Not Corroborated, Explain Why	Best Practice	PC Internal Audit Findings (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (Cite Date of Follow Up)	Documentation
Verbal Abuse	Article 5.2 of Labor Code: Maltreatment of workers and use of forced labor in whatever form are prohibited.	Employers will prohibit screaming, threatening, or demeaning verbal language.	Factory has received complaint reports of verbal abuse, but has failed to take action or document discipline of supervisors/managers in these cases.	Complaint letters. Management admits issue reported in complaint letters, but says this is "not easy to fix."	Complaints to management not been fully investigated, resolved or disciplined. Documentation lacking.		Factory has developed clear non-harassment policy which includes procedure, reporting system, and disciplinary methods. Non-retaliation pledge also posted everywhere. Senior manager assigned responsible for all aspects of non-harassment. Yet, policy has not been strictly implemented.	Factory must develop a detailed written action plan, including implementation deadlines, addressing the following: (1) organization chart must assign accountability for all aspects of proper implementation of policy, including specific consequences for improper implementation; (2) restructuring problem-solving committee to ensure active participation of union and workers; (3) identifying qualified trainers to conduct quarterly manager/supervisor trainings on non-harassment (with focus on cultural differences and behaviors). Training schedule for upcoming 12 months must be submitted; (4) specific plan to enforce disciplinary consequences must be developed, including monthly meeting to review and confirm enforcement, and (5) accountability must be assigned for documenting all actions in a systematic and transparent manner.	15-Dec		(Mar 18, 05) Factory re-established and restructured org chart for Problem Solving Committee to include clear accountability and ensure active participation of Union and workers. Human Rights dept will conduct 4 trainings for local supervisors/managers and expats in 2005. Human Rights dept, Human Resources dept and Union have met twice since Jan 05 to discuss disciplinary issues, however, enforcement plan needs revision. Individual in Human Resources dept now accountable for documentation. (Aug 23, 05) Factory conducted number of trainings on Saturdays in July and August for supervisors, managers, and expats.	(Jan 15, 05) Factory trainings plan 2005 on file. (May 18, 05) Organization chart of problem-solving committee reviewed by Reebok monitor. (Aug 23, 05) Reebok monitor reviewed factory's training material and pictures.
Other		Suggestion Boxes and Grievance System	Suggestion boxes exist, but lack policies, procedures or instructions to insure effective system. Some boxes labeled for Union, others for Reebok, with no real distinction and no individual/dept responsible for system. Replies to workers' letters not recorded effectively. Factory lacks adequate process/procedures to insure functional grievance system.	Complaint letters w/o response. Management admits issue reported in complaint letters, but says this is "not easy to fix."				Factory to develop procedures to ensure each complaint is adequately investigated and post policies near each suggestion box. Suggest that Union assign a person to be accountable for investigating each complaint and keeping all necessary documentation on file.	31-Dec		(Mar 18, 05) Factory developed problem solving committee and Union has assigned individual responsible for checking boxes, investigating each complaint, and keeping all documentation on file. Reebok also has additional boxes throughout factory that are checked by Reebok staff should workers choose to contact Reebok directly. Instructions and procedures are posted over each suggestion box so that workers understand whether complaints are being received and handled by the Union or by Reebok.	(May 18, 05) Organization chart of problem-solving committee and copy of instructions and procedures of suggestion boxes posted and kept on file.
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.												
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												
Document Maintenance/ Accessibility	Article 98.2 of Labor Code: Workplace, machine sites, equipment installations, and places holding dangerous and harmful factors within enterprise must make arrangements to prevent risk of accidents. Signboards carrying instructions on occupational safety and hygiene must be posted at places where they can easily noticed and read.	All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	Fire alarms lack instructions in Vietnamese. Some alarms located outside are not operational, but lack any sign to indicate these are not working alarms.				All employees were trained in fire safety and evacuation. Worker interviews from time to time indicate that most workers are aware of the nearest alarm button, the purpose of the alarm and how to activate it.	Factory shall provide instructions in Vietnamese at each fire alarm. Non-operational alarms must be removed or marked as such. Factory must continue to train all employees regarding fire safety procedures on an ongoing basis.	15-Dec		(Mar 18, 05) Factory posted fire alarm instructions in Vietnamese and removed all non-operating alarms. Factory has a plan to train all employees on fire safety procedures 3 times in 2005. Factory also has an internal auditing schedule for checking alarms on a regular basis.	(Mar 18, 05) Visual inspection and interviews by Reebok monitor verified factory has adequately resolved fire alarm violations.
Safety Equipment	Article 98.1 of Labor Code: Employer must ensure machinery, equipment, workshops and storehouse are checked and repaired periodically in accordance with occupational safety and hygiene standards.	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 extinguishers not checked and maintained regularly, some are blocked or hidden.	Visual Inspection, safety officer interview			Problem exists in warehouse and chemical storage areas only. Extinguishers in production areas are clear and unblocked.	Factory must extend system for maintaining fire extinguishers charged, unblocked and visible to warehouse and chemical storage areas. Factory must submit to Reebok photos of unblocked and clearly marked extinguishers and the name of person accountable for checking extinguishers in these areas on a monthly basis.	31-Mar		(Mar 18, 05) Factory has hired several new personnel in their human rights department (since audit have increased HR staff from 2 to 5). 1 new member of HR dept responsible for inspecting all fire extinguishers, including those located in warehouse and chemical storage areas, on a monthly basis. Fire extinguishers are now all clearly marked and unblocked.	(Mar 18, 05) Visual inspection of fire extinguishers and meeting with new person accountable for fire safety confirmed appropriate action has been taken.
Safety Equipment	Article 98.1 of Labor Code: Employer must ensure that machinery, equipment, workshops and storehouse are checked and repaired periodically in accordance with occupational safety and hygiene standards.	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 mostly empty or unstocked. Clinic is too far from many risk areas to be easily accessible.	Visual Inspection, safety officer interview				Factory must develop system for ensuring that kits remain fully stocked after use, including designating staff to conduct regular inspections of first aid kits. This responsibility must be included in these individuals' job descriptions and they must be held accountable for poor performance. Stretchers and wheelchairs must be available in each workshop, along with first aiders trained in emergency procedures, including how to handle stretchers/wheelchairs. Factory may consider establishing another clinic or moving clinic to central area.	31-Dec		(Mar 18, 05) Factory has an internal checking system and has designated 1 staff member on production floor to inspect first aid kits on a daily basis and 1 staff member to audit this system regularly. Stretchers and wheelchairs are set in each workshop. Factory set up training program to train workers in first aid 4 times in 2005 by a specialist. Clinic, which is located approx 700m from production areas, will not be relocated. In an emergency, with use of stretchers or wheelchairs, workers can reach clinic within 3-5 minutes.	(Mar 18, 05) Effectiveness of new inspection system verified by visual inspection of first aid kits, and interviewing of staff. Reebok monitor confirmed placement of stretchers and wheelchairs through visual inspection. Training plan for 2005 on file.
PPE	Circular No.10/1998/TT-BLDTBXH dated 28 May 1998 of the MOLISA giving instructions for personal protective equipment (PPE).	Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	PPE provided, but not used consistently day to day. Hearing protection and gloves not in regular use where required. Cloth masks worn sometimes, sometimes not for chemical use.	Visual Inspection, safety officer interview, environmental safety testing reports				Factory must develop a plan, including implementation deadlines for: (1) developing clear policy on PPE including: what type is used in each location, who dispenses it, how to change it, consequences for not implementing policy, including discipline for workers and their supervisors for not using proper PPE; (2) providing workers and supervisors with training in properly using PPE, in understanding of MSDS and in basic knowledge of chemical safety.	31-Dec		(Mar 18, 05) Factory developed and posted a policy which requires use of hearing protection and gloves (among other forms of PPE). Policy does not specify additional protection. However, many workers still choose to wear masks and this practice is not prohibited. Reebok monitor verified factory has developed and posted policy. However, policy needs to be better communicated to workers. Factory intends to conduct first training on PPE use to workers March 24-26, 2005. (Jun 22, 05) No completed PPE training conducted, except for new workers. Factory must extend training to all workers. (Aug 23, 05) Factory conducted trainings for workers and supervisors in properly using PPE July 20-23.	(Mar 18, 05) Revised PPE policy and training material has been reviewed. No training documentation. (Aug 23, 05) Reebok monitor reviewed factory's training material and pictures.
Chemical Management	Circular No. 23/2003/TT-BLDTBXH of Nov 3, 2003 prescribing and guiding the procedures for registration and expertise of assorted machinery, equipment, supplies and substances subject to strict requirements on labor safety and labor sanitation.	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	Unsafe chemical use in some production areas. Lamination uses solvent-based glue without ventilation or PPE. Silk screen and stockfill have ventilation, but bowls often uncovered and some chemicals used inappropriately.	Visual Inspection, safety officer interview, environmental safety testing reports			Reebok conducted the air quality testing June 24, 2004, and found that monitored worker in lamination had excessive chemical exposure. On Oct. 8, 2004, factory submitted action plan to improve ventilation, with the completion date Nov. 30, 2004.	Factory must ensure workers use appropriate PPE and ventilation in laminating room/silk screen room is improved per plan submitted to Reebok.	15-Jan		(Mar 18, 05) Reebok monitor confirmed through visual inspection that factory installed new ventilation system. However, effectiveness of this improvement cannot be verified until further air testing is conducted in July. Air quality testing conducted in silk screen area found acceptable exposure level of EF=.07. Reebok will conduct follow-up air testing in lamination and stockfilling to confirm that adequate changes have been made. Testing scheduled to be conducted in July 2005. (Aug 23, 05) Reebok monitor conducted air testing August 23, 2005. Given that results may be not accurate, particularly during low production months of July and August, a re-test will be conducted at end of September. (Oct 4, 05) Reebok monitor conducted air testing again October 4, 2005 to verify worker exposure levels during a more typical production volume period. Results pending lab analysis.	(Mar 18, 05) Reebok monitor took pictures of factory improvements: exhaust ventilation system installed, adjustment of workspace and using of gravity-fed priming system. (Feb 9, 06) Air testing results (conducted Oct. 4, 05) demonstrate that high exposure (EF>1) still found at 2 priming workstations and laminating area. Factory needs to improve canopy hoods.

FLA Code/Compliance Issue	Findings							Remediation				
	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation (If Finding Corroborated/ Verified Via Multiple Sources, List All)	If Not Corroborated, Explain Why	Best Practice	PC Internal Audit Findings (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (Cite Date of Follow Up)	Documentation
Chemical Management	Circular No. 23/2003/TT-BLDTBXH of Nov 3, 2003 prescribing and guiding the procedures for registration and expertise of assorted machinery, equipment, supplies and substances subject to strict requirements on labor safety and labor sanitation.	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	Bulk chemical containers in warehouse not segregated into hazardous/non-hazardous and flammable/non-flammable. Empty containers left lying on ground, should be handled with care and disposed of properly.	Visual Inspection, safety officer interview				As all chemicals used for factory are flammable and hazardous, factory need not segregate chemicals. However, warehouse should be clearly marked to indicate contents are both flammable and hazardous. Additionally, factory must investigate why person accountable failed to dispose of empty containers properly and submit a plan to ensure this does not recur. Factory to consider buying more appropriate carts for transferring chemical containers and more training for designated individual.	31-Dec		(Mar 18, 05) Factory classified and arranged chemicals. Factory has trained staff who work in chemical storage dept. Disposed empty containers now collected by a licensed company.	(Mar 18, 05) Reebok monitor confirmed chemical handling and storage improvements through visual inspection of chemical warehouse.
Sanitation in Dormitories		All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills should also be conducted at least annually.	Dormitory for 60 managers lacks sufficient exits, fire extinguishers, signs, lighting, etc.	Visual Inspection, safety officer interview				Factory must submit an action plan to address all fire safety issues found in dorms referring to the RHRPS Guide 3.0 for specific requirements.	15-Dec		Factory installed 1 fire extinguisher in each room, and 2 fire extinguishers in each area. Also installed emergency lights, exit lamp at door, and fire alarm by Feb 20.	(Mar 18, 05) Visual inspection of dormitory by Reebok monitor confirmed adequate changes have been made to dormitory.
Worker Participation	Joint Circular No.14/1998/TTLT/ BYT-BLDTBXH-TLDDVN dated 31 Oct 1998, instructing the implementation of labor protection in enterprises and business premises.	Workers should be involved in planning for safety, including through worker safety committees.	Safety Committee exists with some worker involvement, but no meetings held yet.	Records, Management and safety officer interviews	Safety committee is newly founded and has held no meetings.			Although the committee has not yet met, the factory should submit the committee's working plan. Minutes of meetings shall be maintained on file.	31-Dec		Factory has completed working plan and will hold committee meetings on a quarterly basis with all necessary parties.	Copy of working plan on file with Reebok monitor. Meetings held January 15, April 16 and October 29, 2005, and minutes of meetings maintained on factory files and reviewed by Reebok monitor.
7. Freedom of Association and Collective Bargaining												
Employers will recognize and respect the right of employees to freedom of association and collective bargaining												
Union as the Bargaining Agent	Chapter XIII of Labor Code.	In any case where industrial relations system specifies certain unions as the exclusive bargaining agent, employers will not be required to engage in collective bargaining with other worker groups or organizations on matters covered by the collective agreement.	COMPLIANCE: Union has been formed in accordance with local law and practice. Election held for Union leader with good participation from workers who are generally aware of union. CBA not yet been negotiated or signed.	Union, Management and worker interviews								
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												
Legal Compliance for Holiday/Leave	Article 74 of Labor Code: 14 working days of annual leave for employees working in heavy, toxic or dangerous jobs...	Workers will be paid for holidays and leave as required by law.	Factory fails to provide 14 days leave for hard/ hazardous jobs as required by law.	Records review, Union, Management and worker interviews				Article 74 of Labor Code reflected in factory-written regulations; factory did provide 14 days in chemical-related jobs. However, since there are no specific regulations for footwear business, there have been arguments (among the authorities themselves) whether Decision 1152/2003/QĐ-BLDTBXH, regulating additional types of heavy/hazardous work in apparel sector, effective October 2003, is applicable for footwear business. While issue is still in argument in certain areas/provinces, Reebok requires all factories to apply heavy/hazardous designation where granted to a position in any sector, to all sectors. Factory shall ask for clear guidance from labor authorities and revise its annual leave policy accordingly. Annual leave records and payment records of unused leave shall be properly maintained for inspection by Jan 31, 2005.		Factory did not receive any official response from the labor authorities until December 2004; therefore the annual leave policy was revised and effective as of 2005.	Factory revised its annual leave policy that all direct-production workers are entitled to 14-day annual leave, and communicated it to workers in January 2005. The revision is effective as of January 2005. Annual leave records 2005 shall be completed and verified by workers in January 2006 and the payment of unused leave shall be made in February 2006.	(Mar 18, 05) Worker interviews demonstrate that the revised annual leave policy was posted and communicated. (Mar 30, 2005) Payment records of unused annual leave maintained on HR file. Workers confirm the reception.
Other		Other		Records review, Management interviews				Factory exceeds legally required allowance provisions for transportation, attendance, hazardous work and provides tampons for female workers.				
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	Labor Code, Article 69: An employer and employee may agree on additional working hours provided that number of additional hours worked is no more than 4 hours a day or 200 hours annually, except in a number of special cases where number of additional hours worked is no more than 300 hours annually as stipulated by the Government after consulting the Vietnam General Confederation of Labor and representatives of employees.	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. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	OT exceeded code and legal limits in a few instances in April, May, August, and September.	Records review, Management interviews				Given that Reebok's requirement on keeping work hours to 60 hours per week and legal limits per year is a difficult achievement for most factories, Reebok is allowing an implementation period for factories to meet this standard, under which Reebok accepts limited exceptions to 68-70 hours (4 weeks per year). Factory did not follow Reebok procedure and apply for prior approval to exceed overtime limits.	31-Dec	Factory has set-up an internal auditing system and post it on this issue. Factory commits to enforcing Reebok's working hour policy and will submit monthly overtime records to demonstrate compliance with local law and Reebok standard beginning Jan 1, 2005. If necessary for a worker to exceed 60 hours/week due to extraordinary circumstances, factory will submit a written request for an excess overtime waiver in written form to Reebok for approval. Sanction will be paid prior to 08/31/2005.	(Jan 7, 05) Factory submitted OT plan and commitment to strictly comply with 60 hours/week and legal limit of 300 OT hrs/year. Working hours reports sent monthly to Reebok. (Mar 18, 05) Document review confirmed by worker interviews confirm factory is complying. Factory working hrs reports verified monthly by Reebok monitor. Part of sanction money used April-May, rest will be used before August 30, 2005. \$51,000 being used for Sunday celebration on factory grounds, including fairground type activities and weekend trip to (Local Beach name) beach for the more than 10,000 workers manufacturing for Reebok. Due to safety concerns with such large groups, factory's organizing 4 separate trips for 3,700 workers each and taking extra precautions. (Aug 23, 05) Due to safety concerns raised by union and Reebok Vietnam office, factory canceled outing trips, and is instead using funds to construct playgrounds and bike maintenance/repair shop for workers. Anticipated completion date: September 20, 2005. (Sept 16, 05) Revisit by Reebok monitor confirmed sanction funds used to construct playground in August and bicycle shop in September. Additional funds used to sponsor factory worker outings (organized by department to address safety concerns) in October and November.	Overtime plan, monthly working hour reports and plan for use of sanction funds are maintained at Reebok headquarters office.

Findings							Remediation					
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation (If Finding Corroborated/ Verified Via Multiple Sources, List All)	If Not Corroborated, Explain Why	Best Practice	PC Internal Audit Findings (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (Cite Date of Follow Up)	Documentation
Overtime Limitations	Labor Code, Article 72: In every week, each employee shall be entitled to a break of at least 1 day (24 consecutive hours).	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. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	Workers worked Sundays without 1 day off in 7 in violation of code and legal limits in a few cases in May, August, and September..	Records review, Management interviews				All instances of Sunday work must receive prior approval by Reebok, and workers must receive a compensatory day off. Any further Sunday work without prior Reebok approval will result in an additional Sanction that Benefits workers.	1-Dec	Factory has rest day policy and procedures for its implementation. However, in few instances found, production managers required some particular workers to do samples or preparations without any prior notice to HR department. According to management, workers given compensation time off, but refused to take it. Factory commits to enforcing Reebok's working hour policy. Workers that work on Sunday a compensated day off and submitting monthly OT records to demonstrate compliance with local law and Reebok standard beginning Jan 1, 2005. If necessary for worker to exceed 60 hrs/week due to extraordinary circumstances, factory will submit written request for excess OT waiver in written form to Reebok for approval. Sanction to benefit workers will be paid prior to May 31, 2005.	(Jan 7, 05) Factory reports '1 day off in 7' policy re-communicated to all supervisors/managers. Those who violate policy shall be disciplined. [Training document review] (Jun 22, 05); [Document review of last 6 months, confirmed by workers] Factory operated on Sunday April 24. This was approved by Reebok. Part of sanction used in April-May, rest will be used before August 30, 2005. (Aug 23, 05) Due to safety concerns raised by union and Reebok Vietnam office, factory canceled outing trips, and is instead using funds to construct playgrounds and bike maintenance/repairing shop for workers. Anticipated completion date: September 20, 2005. (Sept 16, 05) Revisit by Reebok monitor confirmed sanction funds used to construct playground in August, and bicycle shop in September. Additional funds used to sponsor factory worker outings (organized by department to address safety concerns) in October and November.	Review of training documents by Reebok monitor and document review of working hour records from January to June 2005.
Legal Compliance With Protected Workers	Art.115 of Labor Code: A female employee nursing a child under 12 months of age shall be entitled to 60 minutes off every work day with full pay.	The factory will comply with all applicable laws governing work hours, including those regulating or limiting the nature and volume of work performed by women or workers under the age of 18.		Interviews with Management supervisors and security, records.	Facility issues 1 hour leave cards to pregnant women and nursing mothers with valid date, signature and seal to implement legal provisions on working hours.							
Other	Labor Code, Article 69: Employer and employee may agree on additional working hours provided that number of additional hours worked is no more than 4 hours a day or 200 hours annually, except in a number of special cases where number of additional hours worked is no more than 300 hours annually as stipulated by the Government after consulting the Vietnam General Confederation of Labor and representatives of employees.		Educational OT column used to conceal OT in excess of annual legal limits.	Interviews with Management supervisors and workers, payroll and hours records.				The factory must then commit to Reebok, in writing, to eliminate the practice. The elimination must be communicated to all employees.	15-Dec	Factory has discussed with Union and then communicated orally and written this issue to all workers. Also committed to complying with Reebok working hours requirements.	(Jan 7, 05) Factory submitted its overtime plan for 2005, and commitment to strictly comply with 60 hrs work week and the legal limit of 300 OT hrs/year. (Mar 18, 05) Though the factory was not able to achieve its overtime target as per the plan, but no case exceeded 60 hrs/week.	Document review confirmed by the union and workers
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												