VIETNAM
2015 Factory Assessment Cycle

10 factories assessed
42,975 total workers

COUNTRY CONTEXT
Of all the factories submitted for FLA assessment by company affiliates, 370 (or 7.8 percent) are located in Vietnam, a rapidly developing nation with a population nearing 92 million. Nearly 15 percent of the population are considered poor or extreme poor, and half of this group belongs to minority ethnic groups. Economic reforms in 1986 spurred rapid economic development and marked a shift from a centrally planned to a market-oriented economy. In recent years, the labor force has grown by more than one million people annually, and Vietnam now has one of the fastest-growing garment and textile industries in the world. However, the associational rights of this large and growing workforce are restricted by the government’s requirement that all trade unions be affiliated with the Vietnam General Confederation of Labor (VGCL). In May 2013, the enactment of a new labor code strengthened the position of workers by incorporating new enforcement mechanisms to comply with fair labor standards. Minimum wage increased by 12.4 percent in January 2016, and in April, the Vietnamese government and trade unions issued a joint statement expressing their commitment to improve industrial relations laws.

TOP FINDINGS IN 2015

**Emergency preparedness, personal protective equipment, and chemical management**
Assessors found that all ten factories lacked sufficient emergency evacuation plans and procedures, and cited numerous fire safety issues in each report. Seven of the factories did not comply with the required installation of automatic firefighting systems, and assessors found several instances of missing evacuation maps, inaudible fire sirens, inaccessible firefighting equipment, and blocked emergency exits. Improper storage and handling of chemicals also proved a common trend in all ten factories assessed, including many employees working with chemicals without receiving proper training. In cases where some chemical safety training was provided, factories failed to identify the hazards associated with certain chemicals. Assessors noted that in every factory assessed, some workers did not have access to personal protective equipment (PPE) at their workstations, and even if PPE was available in some capacity, a lack of training led to its ineffective use in many cases. In five factories, deficient PPE in canteen areas raised concerns about hygiene.


*The “Employment Relationship” code element allows assessors to review whether facilities maintain adequate policies, procedures, and records to achieve exemplary performance on other parts of the FLA Code. Remediation of findings related to the numerous “Employment Relationship” benchmarks will support sustainable improvement across all factory systems.
Unions and worker representation

In Vietnam, there is no legal recognition of workers’ associational rights, which triggers at least one freedom of association finding in each of the factories assessed. Eight factories affiliated with the VCGL national union did not provide workers with a copy of the Collective Bargaining Agreement (CBA), as required under the FLA Workplace Code of Conduct. Assessors also found seven cases where factory management deducted union fees from workers’ monthly salaries, without receiving written consent from the workers, and five cases of workers being automatically enrolled in unions without their consent upon signing their labor contracts or within their first month of employment.

Wage deductions and termination payouts

Assessors noted five factories at which improper or ineffective administrative procedures resulted in delays in compensation or termination payouts for workers. For example, one factory allowed for final compensation to terminated workers to be held for as long as 30 days, although local law requires payment within no fewer than seven days. Assessors also found that six of the factories assessed deducted wages from workers without their consent or outside of the limits of local law. Four of these factories did not provide workers with adequate severance allowances. According to local law, severance pay should cover all time employed at the factory, even for working periods when employees did not pay unemployment insurance contributions, such as probation periods and maternity leave. In one factory, the severance allowance paid to the female workers who take six months of maternity leave is lower than the amount required by law.

Excessive overtime and inaccurate time-keeping systems

The assessments also revealed a number of violations regarding hours of work. Assessors reported that monthly overtime hours exceeded the legal limit in six of the factories. In one factory, the maximum monthly overtime reached 54 hours in March 2015, well exceeding the country’s 30-hour legal limit. Four reports cited inadequate annual leave policies for workers, and three factories reported insufficient break time allotted to workers during the regular workday. The practice of using multiple time-keeping systems caused inaccuracies in time management and overtime pay in three factories.

Disciplinary systems

Assessors also highlighted that disciplinary systems in many factories were inadequate and unjust. Six of the factories implemented monetary fines or wage raise suspensions as a form of disciplinary penalty. While it is not illegal to implement monetary penalties in Vietnam, it is in violation of the FLA Code. In three instances, factories disciplined pregnant or breastfeeding workers with warning letters for their absences without permission, a disciplinary measure in violation of local laws and FLA benchmarks on harassment and abuse.

REMEDINATION

As part of the assessment process, companies craft action plans to address findings of noncompliance and work with factories to implement them. For example, one factory with various health and safety violations provided training for workers on proper use of personal protective equipment, posted accurate evacuation maps in all of the production buildings, and replaced all inaudible fire sirens with functional ones. Another factory’s management revised the company’s approach to worker representation by making union membership voluntary, providing opportunities for trade union leaders to meet with workers, and providing training for relevant supervisors on industrial relations. Find the latest progress on all remediation activity in the “Workplace Monitoring Reports” section of the FLA website.

3. Ibid