

FLA Audit Profile	
Country	Vietnam
Factory name	12008478D
IEM	Global Standards
Date(s) in facility	August 25-26, 2005
PC(s)	Reebok International, Ltd.
Number of workers	2030
Product(s)	Jacket, Pants
Production processes	Cutting, Sewing, Packing

IEM Findings									Remediation				[Status]
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation Used for Corroborating	Notable Features Implemented by Management or Company	PC Remediation Plan	Target Completion Date	Company Follow Up (2/16/2006) Factory Verification Audit	Documentation	Completed; Pending; Ongoing
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.	Reebok CoC was posted in workplace in local language. No training given to managers or workers on CoC.				Management interview; Workers interview; Record review		Factory to provide training in CoC to managers and workers at least once a year. 2005 training must be conducted before 12/31/2005. Training material and records must be maintained on file.	12/31/2005	2/16/2006: Follow-up visit found that factory gave training on 12-12-05, however workers still do not understand CoC in interviews. <i>Next Steps:</i> Factory to follow-up by including CoC training in regular training program.	Worker interviews; photos of orientation speech	Ongoing
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.		Direct communication channel has been posted in the factory, but workers are not aware of its existence.			Visual inspection; Workers interview		Though the communication channels are posted and included in worker handbooks, factory should provide training in regards to all workers at least once a year. 2005 training must be conducted before 12/31/2005. Training material and records must be maintained on file.	12/31/2005	2/16/2006: Follow-up visit found that factory gave training on 12-12-05. Reebok poster has contact information. No contact from workers has been received since the factory training. <i>Next Steps:</i> As a supplement, during visits to the factory the Reebok monitor will continue to notify workers that they can contact him.	Worker interviews; photos of orientation speech; poster observed	Ongoing
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.													
Other				No policies and procedures on prevention of child labor; no training to managers & workers			Management interview; Record review; Workers interview		Factory policy is to recruit workers of 18 or above. Factory must develop a procedure to ensure that no child or juvenile labor is recruited. Factory must conduct training on the procedure for supervisors, managers, personnel staff and workers. Training records and material is to be submitted and maintained on file. Any infraction shall be disciplined.	12/31/2005	2/16/2006: Follow-up visit found that the factory updated the policy, but it was missing instruction on how to verify identity documents and check the month/day of birth. <i>Next Steps:</i> Factory to amend policy to address these missing pieces, and ensure that all managers are trained in these areas.	Document review; hr manager interview	Pending
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.													
Disciplinary Practices	Chapter VIII of labor code, Decree 41/CP-1995 Decree 33/2003/ND-CP Circular 19/2003/TT-BLDTBXH	Employers will utilize consistent written disciplinary practices that are applied fairly among all workers	Disciplinary practices do not comply with law: no discipline committee review, no trade union participation, dismissal for 3 warning letters accumulated over 3 year period.				Record review; Worker interview; Management interview;		Factory to develop a disciplinary procedure that includes valid warning letter system and involves the participation of a disciplinary committee and trade union. Minutes of discipline proceedings and record of resulting decision must be properly maintained on file. A senior manager shall be assigned to receive worker reports of unfair treatment.	12/31/2005	2/16/2006: New disciplinary procedures were adopted in November 2005. No discipline case on file since that time. <i>Next steps:</i> PC to follow-up during next visit.	Document review; hr manager interview	Ongoing
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices	No training provided to managers and supervisors in disciplinary practices.				Management interview; Record review		Factory to conduct training on disciplinary system for supervisors, managers and workers. Training records and materials are to be submitted and maintained on file. Any infraction shall be disciplined.	12/31/2005	2/16/2006 No action. <i>New deadline:</i> 3/15/2006	HR manager interview	Pending
Record Maintenance	Chapter VIII of labor code, Decree 41/CP-1995 Decree 33/2003/ND-CP Circular 19/2003/TT-BLDTBXH	Employers will maintain written records of disciplinary actions taken.	Serious discipline & dismissal cases lack written records as required by law: minutes of discipline proceedings, discipline decision etc...				No documentations		Factory to develop a disciplinary procedure that includes valid warning letter system and involves the participation of a disciplinary committee and trade union. Minutes of discipline proceedings and record of resulting decision must be properly maintained on file. A senior manager shall be assigned to receive worker reports of unfair treatment.	12/31/2005	2/16/2006 New discipline procedures were adopted in November 2005. No discipline case on file since that time. <i>Next Steps:</i> PC to follow-up at next visit.	Document review; hr manager interview	Ongoing
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		There are no consistent standards for promotion or salary raise, which is based on judgment of individual supervisor & varies among supervisors			Record review; Worker interview; Mgt interview		Factory to develop a transparent promotion and wage increase system. Factory must communicate the system to all supervisors and workers and post it in production floors. The system must provide the name of accountable person so that workers can report any unfair treatment.	12/31/2005	2/16/2006 No action. <i>New deadline:</i> 3/15/2006	HR manager interview	Pending

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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	Circular No. 08/BLDTBXH-TT dated 11/4/1995 of the MOLISA giving instructions to training on occupational safety and health	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. The factory will possess all legally required permits	Boiler operators are not trained and certified for safe boiler operation per law.					Record review; Management interview		Factory explains that there is no such a training in the locality. Factory shall send the technicians to Hanoi to attend a training course and obtain the training certificates.	1/31/2006	2/16/2006 No action. Factory claims it is afraid of turnover, as a licensed operator may seek other job. Company encouraged the factory to seek help of local government to offer a course to all local boiler operators, which may reduce the chance of turnover. <i>New deadline: 4/15/2006</i>	HR manager interview	Pending
Evacuation Procedure	Article 102 of labor code, Circular No.08/LDTBXH-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/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	Emergency exit aisles are often blocked by materials and work stations.					Visual inspection		Factory must post a notice that exit aisles are always kept accessible. Factory HSE officer and supervisors must be disciplined if any infraction is identified.	12/15/2005	2/16/2006 Factory claims improvement, however blocked aisles are still observed. Factory failed to post notices as required. <i>Next steps: factory to ensure that at least 70 cm of space be maintained in all passageways. New deadline: 3/1/2006</i>	Facility observation	Pending
Evacuation Procedure	Article 102 of labor code, Circular No.08/LDTBXH-TT dated 11 Apr 1995 & Circular No.23/LDTBXH-TT dated 19 Sept 1996	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures	Exit roller doors are kept closed for ventilation.					Visual inspection; Management interview		Factory installed a water cooling system, so the exits must be kept closed (but not locked).		2/16/2006 Exits are unlocked and security guards monitor access.	Facility observation	Completed
Safety Equipment	Circular No. 13/BYT-TT dated October 24th, 1996: "3.1. At the workplace holding harmful and dangerous elements likely to cause occupational accidents the employer shall provide medical technical facilities such as first aid 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	Access to emergency equipment (FE & FA kits) are blocked by materials and products.					Visual inspection		Factory must post a notice that emergency equipment should always be kept accessible. A staff member must be assigned to supervise health and safety issues. Factory HSE officer and supervisors must be disciplined if any infraction is identified.	12/15/2005	2/16/2006 Factory showed First Aid certificates for approximately 30 staff members. First aid boxes are posted with name and photo of local trained first aid personnel. First aid kits are accessible. One first aid kit was blocked with product. <i>Next step: Factory to post notice about keeping safety equipment clear. Deadline: 3/1/2006.</i>	Facility observation; document review; safety manager interview	Ongoing
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.	Cutting workers do not wear cutting gloves consistently during regular work, except when auditors are present.					Visual inspection		Factory has provided PPE and posted PPE-required signs, but workers are not regularly using them. Common causes usually found for non-use of PPE include improper equipment or a lack of knowledge and training on behalf of workers on the risks associated with non-PPE-use. Factory must provide workers and supervisors with training in properly using PPE. The supervisors and workers shall be disciplined if any infraction is identified.	12/15/2005	2/16/2006 Cutting workers are wearing too-large gloves which all look new, indicating the PPE is not regularly used. <i>Next steps: Factory to identify proper-fitting PPE, then train workers on proper use of PPE and reasons behind PPE use, and enforce rules appropriately. New deadline: 3/15/2006.</i>	Facility observation	Ongoing
Chemical Management	Decree No. 168/2005/ND-CP dated May 20, 2005	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	Alcohol used for spot cleaning is kept in a large container on the production floor without MSDS or warning label.					Visual inspection		Factory to provide chemical labels and MSDS in Vietnamese in all workplaces and the warehouse. Factory to develop a health and safety system that covers all H&S aspects (including chemical management and training). Factory HSE officer must be disciplined if any infraction is identified.	12/15/2005	2/16/2006 Factory had a basic chemical data sheet posted in one spot-cleaning area (not a complete MSDS), and could not confirm that the chemical it purchases is the same as the data sheet. The cleaner is purchased in a small container which is not the original from manufacturer. <i>Next steps: Factory was asked to find a reputable supplier or to send a sample to a lab to verify identity of cleaner. Containers are labeled by hand and cannot be verified to correctly identify contents. New deadline: 4/1/2006.</i>	Facility observation	Pending
Chemical Management	Decree No. 168/2005/ND-CP dated May 20, 2005	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	Factory lacks safety procedures or training for workers in the safe handling and use of chemicals					Visual inspection		Factory to provide chemical labels and MSDS in Vietnamese in all workplaces and the warehouse. Factory to develop a health and safety system that covers all H&S aspects (including chemical management and training). Factory HSE officer must be disciplined if any infraction is identified.	12/15/2005	2/16/2006 Factory added labels and some basic chemical information. It lacks a comprehensive chemical management system. Rather than training, factory asked workers to read the MSDS. However, it cannot confirm if MSDS is the correct chemical. <i>Next steps: Factory to complete original remediation requirement. New deadline: 3/15/2006.</i>	Facility observation; safety manager interview	Pending
Record Maintenance	Joint Circular No 14/2005/TTLT/BLDTBXH-BYT-TLDDVN dated 08/3/2005	All safety and accident reports shall be maintained for at least one year, or longer if required by law	Accident reports are not kept up to date. Factory HSE officer reported no accidents since 2003. But clinic log recorded some minor accidents with no follow up report or investigation.					Record review; Management interview		Accident reports must be kept up to date. Factory HSE officer must be clearly assigned to be responsible and disciplined if any infraction is identified.	12/15/2005	2/16/2006 An accident log was created and one incident was investigated during the first six weeks of 2006.	Document review	Completed
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Many sewing machines lack needle guards.					Visual inspection		Factory must install the pulley guards on all machines. Regular inspection and evaluation of machine safety by a qualified and designated staff should be included in written policy/procedures. Factory HSE officer shall be accountable for infraction of the policy. Maintenance records must be kept on file.	1/15/2006	2/16/2006 Factory safety manager created and installed pulley guards and belt guards on all machines. No evidence of machine maintenance records. <i>Next steps: Factory to complete remediation concerning machine maintenance records. New deadline: 3/1/2006.</i>	Facility observation	Completed Pending
Sanitation in Dining Area	Decision No. 4128/BYT	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.	Hygiene inspection cited 2 violations for which factory has no CAP to address: Canteen operator has not signed contracts with food suppliers and food samples are kept improperly					Record review		Factory to sign contracts with food suppliers and develop a procedure to keep food samples. A staff member shall be assigned to supervise the food supplier and accountable for infraction of the policy.	12/15/2005	2/16/2006 Canteen manager demonstrated the daily lunch sample which is kept for 24 hours. Included only 1 of the 3 main dishes served. Food supplier contracts and certifications are on file.	Facility observation; canteen manager interview	Ongoing
Worker Participation	Joint Circular No.14/1998/TTLT/BYT-BLDTBXH-TLDDVN dated 31 Oct 1998	Workers should be involved in planning for safety, including through worker safety committees	Safety committee has not yet been established per law & code					Management interview		Factory must establish a safety committee with the participation of the union representatives and workers.	12/31/2005	2/16/2006 Committee established with 3 workers and 3 supervisors plus safety manager. There is no union representative. The safety manager did not know committee's names when asked, suggesting that the committee is not yet active. <i>Next steps: Factory to complete remediation as requested. New deadline: 3/1/2006.</i>	Documentation; safety manager interview	Pending

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7. Freedom of Association and Collective Bargaining													
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.													
Compliance to local collective bargaining laws	Article 44-54 of the Labor Code; Decree No. 196/CP; Decree No. 93/2002/ND-CP Article 45 of the labor code: A CBA shall only be signed if the negotiated contents of such agreement are approved by more than 50% of the members of the labor collective in the enterprise. Article 47 of the labor code: One copy of the CBA to be sent by employer for registration to the labor authority of the province within 10 days from the date of signing.	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.	No documentation that CBA signed in compliance with the law; required 50% of workers in agreement. No evidence copy of final agreement sent for registration with labor authorities of province as per law.				Record review; Union interview		Factory to re-negotiate, re-sign the CBA and register it following the legal procedures. At least 50% of workers should agree on the CBA. After signing and registration, the CBA must be posted and communicated to all employees.	2/15/2006	2/16/2006 The CBA was submitted to the government and factory is awaiting feedback or approval.	Documentation; manager interview	Pending
Union Negotiation		Employers will negotiate in good faith with any union that has been recognized, by law or agreement between the employer and that union, as a bargaining agent for some or all of its employees		Workers walked out for 10 days in May 2005 demanding pay raise, fair discipline practices etc. Factory Mgt pledged to raise salaries for long seniority workers from October 2005, but no detailed plan made public. Discipline and other issues still unresolved.			Record review; Management interview; Workers interview		Factory already decided to raise wages as of November 2005. The notice was already posted in October. As mentioned above, factory shall develop a disciplinary procedure that includes a valid warning letter and involves the participation of the discipline committee and the trade union. Minutes of discipline proceedings and discipline decision must be properly maintained on file. A senior manager shall be assigned for workers to reports unfair treatment.	12/31/2005	2/16/2006 Factory raised wages beginning in October. However, there has been no communication to workers about the new minimum wage law effective from February. Because this should affect their next payroll, factory should communicate soon about any change in policy. (For comment on discipline procedures, please refer above.)	Notice to workers from October, Vietnam government wage announcement; worker interviews	Pending
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													
Wage Benefits Awareness	Article 57 of the Labor Code, Decree 114/2003/ND-CP and Circular No 14/2003/TT-BLĐTBXH Enterprises shall have to formulate their own wage scales and payrolls, technical criteria and grades of workers, titles and professional qualifications of employees, for use as a basis for signing labor contracts and collective labor agreements, determining the wage funds, paying wages and setting other regimes for laborers.	Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law	Wage policy has not been clearly communicated to workers. Wage scale was not set up as required by law;				Record review; Workers interview		Factory already developed its wage scale system. Factory shall register the wage policy with the labor office and communicate it to all employees.	12/31/2005	2/16/2006 Factory has sent wage policy to the labor office, however there is no verification of receipt. Factory says it is waiting for feedback.	Manager interview	Pending
Time-recording system		Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards	Sunday work is not recorded on timecards. Sunday work on Aug 21, 2005, recorded on time cards for another day.				Record review; Workers interview		Factory explains that the working hours on the Sunday are to compensate a week-day off (no power, no material). This practice is not acceptable. The factory must commit to Reebok, in writing, to eliminate the practice. The elimination must be communicated to all employees.	12/31/2005	2/16/2006 One Sunday worked in January '06 is properly recorded on time cards. Overtime calculation is inconsistent; although factory claims to round to nearest 0.5 hour, the application is not consistent for all workers. (time cards are compared to supervisor OT list) Rounding to 15 minute increments might be preferable and reduce mistakes. Next steps: Factory was asked to create a more consistent and accurate calculation method. New deadline: 3/1/2006.	Documentation; manager interview	Pending

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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 68, 69 of the Labor Code Circular No. 15/2003/TT-BLDTBXH dated Jun 3rd 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 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	Many workers worked OT over 60 hrs/week in Jan & Feb 2005 with frequent Sunday work. Recent OT hours have been reduced, but Sunday OT work cannot be verified due to misuse of time cards.					Record review		Factory must develop a procedure to monitor working hours involving other departments in the process (planning, production, union, etc.). Factory must submit a written plan for how to reduce working hours in particular departments with high working hours.	12/15/2005	2/16/2006 No action. Next step: Factory to complete original remediation request. New deadline: 3/1/2006.	Manager interview	Pending
Overtime Limitations	Article 72 of the Labor Code: Each employee shall be entitled to a break of at least one day (24 consecutive hours) per week	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	Many workers worked on Sundays in Jan 2005 without a compensating day off.					Record review		Factory must revise the working hours policy and procedures that include "a procedure to monitor working hours involving other departments..." involving other departments in the process (planning, production). Factory must enforce the compensation time off in case of overtime hours on a rest day.	12/15/2005	2/16/2006 No action. Next step: Factory to complete original remediation request. New deadline: 3/1/2006.	Manager interview	Pending
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														