

Better Work Vietnam: Garment Industry 7th Compliance Synthesis Report

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Executive Summary

The Better Work Vietnam program, a partnership of the International Labour Organization and the International Finance Corporation, began conducting independent assessments of working conditions in Vietnamese apparel factories in December 2009. Each assessment consists of four on-site person days and includes management, union and worker interviews, document reviews, and factory observations. The goal of these assessments is to establish a baseline of performance against which participating factories can work with Better Work Vietnam to make ongoing improvements to their working conditions.

Better Work produces public synthesis reports for each country program twice a year. The goal of these reports is to provide transparent information for all program stakeholders regarding working conditions in Better Work factories. Independent research commissioned by Better Work provides evidence that public reporting like this contributes significantly to continuous improvements in factory compliance levels.

Better Work Vietnam released its first public synthesis report in August 2010, and subsequent reports in February 2011 (second), September 2011 (third), March 2012 (fourth), October 2012 (fifth) and April 2013 (sixth). In October 2013, Better Work Vietnam published its first thematic synthesis report on fire safety with the aim of probing deeper into a theme that was relevant to the national garment industry. This seventh synthesis report provides an overview of working conditions in 137 Better Work factories over the period February 2013 to January 2014. Of these factories, 121 have been assessed more than once by Better Work Vietnam.

Assessment results from factories covered in this report are largely consistent with the findings of previous reports. The main findings are highlighted below:

- As evident in all previous synthesis reports, the area with the highest concentration of non-compliance issues is Occupational Safety and Health. Findings are consistent with the previous reports across all categories in this section, including emergency preparedness, chemical handling and labeling, health services and first aid, OSH management, worker protection, and working environment. Although resolving some of these issues requires significant capital investments, many can be addressed through the development of comprehensive OSH management systems and by factories paying regular attention to implementation, training, and communication.
- Excessive overtime continues to be an area of non-compliance across almost all Better Work Vietnam factories. While some factories have been able to come into compliance with daily or weekly limits, 91% are out of compliance with annual limits. Non-compliance on overtime is primarily due to both factory practices as well as pressure from actors along the supply chain.
- In the area of Core Labour Standards, Better Work Vietnam reporting on issues of freedom of association is undertaken at the national rather than enterprise level. This refers to the right of workers to form or join a union of their choice and the ability of unions to form or join a federation of their choice. At the same time, the issue of management interference in and discrimination against union activities has been attentively assessed at the enterprise level. Showing change from the sixth synthesis report, this report acknowledges an improvement in the area of Collective Bargaining, particularly in negotiation, decision making, and communication processes behind collective bargaining agreements.

Section III includes information pertaining to the factories that have received two or more assessment reports. It shows changes in compliance between one assessment visit to the next. Upon

examination of “Chart 2: Compliance Effort,” it is clear that the number of non-compliance findings in certain categories have gone down, while in others, findings may actually have increased, thus showing negative progress (i.e. increased non-compliance) on the chart. There are a number of factors which may help to understand and explain the changes observed in this section (see below).

Improvements in factory compliance levels are most commonly due to greater commitment on the part of the employer to address working conditions, increased worker-management cooperation mechanisms at the factory level, such as the *Performance Improvement Consultative Committee (PICC)* (and the associated higher levels of worker participation), as well as greater buyer pressure on or collaboration with the factory to make changes.

A worsening of conditions could be due to a decline in the factory’s business, leading them to de-prioritize working conditions, change in management, or failure to adequately sustain changes over time.

In some reported areas factory compliance levels may have declined as a result of factory staff failing to fully understand the changes in the new labor law, particularly in areas where implementation guidelines are not yet established. These areas include compensation, overtime payment, premium pay, payment for holiday work, working hours for young workers (aged 15 to 18 years), and monthly overtime hours limits.

During the reporting period, some factories also reported facing financial difficulties due to declines in garment prices and order volumes. This can have negative implications for compliance, particularly in the areas of social and health insurance contributions, sick leave and maternity leave, and settlement of unpaid leave.

Some of the reported changes are due to adaptations in Better Work Vietnam compliance questions, placement of the questions, reporting guidelines, or additional staff training. In some areas Better Work Vietnam has tightened its standards, or where its staff have become more adept at identifying problems. This may lead to greater identification of non-compliance findings. (For specifics on where this may be the case, see details in Section III).

Now in its fifth year of operations, Better Work Vietnam is working with factories have already resolved many areas of non-compliance. And as such, gains may come more gradually, as the programme starts to address more systemic and costly changes in the factory.

Section I: Introduction and Methodology

Introduction

The Better Work Vietnam program, a partnership between the International Labour Organization (ILO) and the International Finance Corporation (IFC), was launched in July 2009. The program aims to improve competitiveness in the apparel industry by enhancing economic performance at the enterprise level and by improving compliance with Vietnamese labor law and the principles of the ILO Declaration on Fundamental Principles and Rights at Work.

This report focuses on the apparel industry in Ho Chi Minh City and its surrounding provinces. As of April 2014, the program has expanded to cover the footwear industry and provinces in the north of Vietnam. These additional factories will be covered in future reports.

The garment sector is among the top two largest export earners for Vietnam. In 2013, total export earnings derived from the textile and garment industry reached US\$17.95 billion, making Vietnam the fifth largest garment and textile supplier in the world. Vietnam now is participating in the negotiations for the Trans Pacific Partnership Agreement (TPP), which if signed on time by the end of 2014, is likely to result in further trade benefits and expansion for the country's garment industry. The sector is also the largest formal employer in Vietnam, providing jobs for more than 2.5 million people. Most of its workforce are young women that have migrated from poorer rural areas, who in turn support a number of extended family members by sending remittances home. According to Better Work research, roughly 70% of workers in participating factories send remittances home. Since the inception of the programme, Better Work Vietnam has worked with over 270,000 workers in the Vietnamese apparel industry.

The program engages with participating factories by conducting independent assessments and offering advisory and training services. This report is an overview of findings from Better Work Vietnam's assessments, which in turn form the basis for its individualized advisory work at the factory level.

As part of its mandate of encouraging continuous improvement and sharing information with all stakeholders, Better Work Vietnam produces two public synthesis reports per year (containing aggregated compliance data from factories over a twelve-month reporting period). Since 2013, one of the two public synthesis reports has been replaced with a more focused "thematic" report examining key issues affecting the industry.

This seventh synthesis report provides an overview of working conditions in 137 factories over the period February 2013 – January 2014. Of these, 121 have been assessed more than once by Better Work Vietnam. Section III includes information only on these factories, showing changes in compliance observed between the previous and the most recent assessment visit.

Institutional Context

The recent comprehensive reforms of both the Trade Union Law and the Labor Code (entering into force in January and May 2013 respectively) represent important progress on towards improved labour standards in Vietnam. The laws provide for stronger protection of workers' rights, in particular fundamental rights such as non-discrimination and equality, prohibition of forced labour and child labour, as well as the right to organize and collective bargaining. They also provide for a better enabling legal environment for labour market actors - particularly workers and employers and their representative organizations - to negotiate and determine their own terms and conditions of employment. Despite this, Vietnam now faces the challenge of how to bring the political

commitments to life by writing guidance decrees and circulars to focus on implementation and enforcement.

Better Work Vietnam began assessing and advising its factories against the new Labor Code as of May 2013. During the reporting period, Better Work Vietnam conducted several labor law training courses and revised its labor law guide to enable companies to better understand and bring themselves into compliance with the new legal regulations. In February 2014, Better Work Vietnam's Compliance Assessment Tool became available on the Better Work Vietnam website, giving factories easier reference to Better Work's assessment methodology.

In the context of the new Labor Code, Better Work Vietnam will work closely with the Vietnamese social partners (i.e. the MoLISA, Trade Union and employers' organisations) and the ILO's Industrial Relations Project to develop guidelines for its PICCs to be aligned with the decree on social dialogue and to help factories implement the new legal requirements on workplace dialogue. Through its engagement with these partners, Better Work Vietnam will feed its factory-level pilot experiences into policy discussions that initially helped shape reforms of the labor legislative regulations and will seek to continually assist in providing advice on how to make them compliant with international labor standards and good practices around social dialogue in particular.

In the meantime, Vietnam has approved a five-year roadmap for ratification of ILO Conventions, notably Convention No. 95 (protection of wages), Convention No. 98 (right to organize and collective bargaining), Convention No. 105 (forced labour), Convention No. 159 (vocational rehabilitation and employment for disabled persons) and Convention No. 187 (promotional framework for occupational safety and health).

Better Work Methodology

Better Work carries out factory assessments to monitor compliance with core international labour standards and the national labour law. Factory and industry-level reports highlight *non-compliance* findings. Better Work reports these figures to help factories identify areas in need of improvement. Collecting and reporting these data over time will help factories demonstrate their commitment to improving working conditions.

Better Work organizes reporting into eight areas, or clusters, of labour standards. Four of the clusters are based on fundamental rights at work, namely child labour, discrimination, forced labour, and freedom of association and collective bargaining. In 1998, member states, workers, and employer representatives at the International Labour Organization identified fundamental principles and rights at work regarding these four issues based on eight widely ratified International Labour Conventions (29, 87, 98, 105, 100, 111, 138, and 182). These Conventions provide the baseline for compliance with the fundamental rights clusters across all Better Work country programmes.

Vietnam has ratified 18 Conventions (17 of which are in force), including five core Conventions (C.29, C.100, C.111, C.138 and C. 182). It has recently ratified a Governance Convention, C.144 on tripartite consultations. Three other Conventions (C.122 on employment policy, C.184 on OSH in agriculture and C.159 on vocational rehabilitation and employment (disabled persons)) have been reviewed for possible ratification in the near future.

The four other clusters on the Better Work assessment tool concern conditions at work, including Compensation, Contracts and Human Resources, Occupational Safety and Health, and Working Time. The compliance points covered in these clusters are largely consistent across countries, however each compliance point contains specific questions that may vary from country to country due to differences in national legislation. In countries where national law either fails to address or lacks

clarity around a relevant issue regarding conditions at work, Better Work establishes a benchmark based on international standards and good practices.

Each of the eight clusters is divided into its key components. These components are known as compliance points [CP]. Each CP contains specific questions that may vary from country to country. The detailed list of CPs within each cluster is indicated in the table below.

	Compliance Clusters		Compliance Points
Core Labour Standards	1	Child Labour	Child Labourers Unconditional Worst Forms Hazardous Work Documentation and Protection of Young Workers
	2	Discrimination	Race and Origin Religion and Political Opinion Gender Other Grounds
	3	Forced Labour	Coercion Bonded Labour Forced Labour and Overtime Prison Labour
	4	Freedom of Association and Collective Bargaining	Union Operations Freedom to Associate ¹ Interference and Discrimination Collective Bargaining Strikes
Working Conditions	5	Compensation	Minimum wages Overtime wages Premium Pay Method of Payment Wage Information, Use and Deduction Paid Leave Social Security and Other Benefits
	6	Contracts and Human Resources	Employment Contracts Contracting Procedures Termination Dialogue, Discipline and Disputes
	7	Occupational Safety and Health	OSH Management Systems Chemicals and Hazardous Substances Worker Protection Working Environment Health Services and First Aid Welfare Facilities Worker Accommodation Emergency Preparedness
	8	Working Time	Regular Hours Overtime Leave

¹ Non-compliance regarding the right of workers to join a union of their choice and the ability of unions to join a federation of their choice are reported only at the national level rather than the enterprise level starting with this report. As such, we do not report on “Freedom to Associate” for factory reporting and Chart 1 on page shows the bar greyed out.

Calculating Non-Compliance

Better Work calculates **non-compliance rates** for each factory and reports these in individual factory reports. The non-compliance rate is reported for each subcategory, or compliance point, within a cluster. A compliance point is deemed non-compliant if any one question within it is found to be in non-compliance.

In public synthesis reports, Better Work calculates the average non-compliance rates for all participating factories in each of the aforementioned sub-categories. For example, an average non-compliance rate of 100% means that all participating factories were found to have a violation in that area.

While it is a strict indicator, the non-compliance rate is useful for Better Work to aggregate and compare data across countries. However, this number is not sufficient to fully describe the specific issues that enterprise advisors have observed during their assessment. For this reason, tables presenting non-compliance findings at the question level are also presented in Section II with the title of **In Focus Tables**. These tables allow the reader to fully appreciate the specific challenges in compliance identified in factory assessments, highlighting the number of factories found to be non-compliant on each specific question.

Note on the factories represented in this report

Better Work compiles synthesis reports annually. The synthesis reports present a snapshot of the non-compliance situation in the participating industry in the country at the time of the report. The rates presented in the synthesis report refer to participating industry averages. As factories are assessed in average once per year, in some cases the data included in the synthesis reports is older than 6 months.

This seventh synthesis report provides an overview of the working conditions of 137 factories over the period February 2013 to January 2014.

Of these factories, 121 have been assessed more than once by Better Work Vietnam. Section III includes information pertaining only to these factories, showing the changes in compliance observed between the previous and the most recent assessment visit.

Limitations in the Assessment Process

The assessments carried out by Better Work follow a thorough checklist covering the above-mentioned labour standards. The detailed factory assessment reports are based solely on what was observed, investigated and analyzed during the actual assessment. Before the reports become official, factories are given seven days to provide feedback and clarifications on its findings.

Some issues are also difficult to assess and report on at the factory level. In particular, assessing compliance in the area of freedom of association in Vietnam presents many challenges, especially given that it is not fully protected under national law. According to Vietnamese law, there is only one legal trade union, the Vietnam General Confederation of Labor (VGCL). As such, until May 2013, every factory assessed was out of compliance for questions on freedom of association.

In order to address this, since May 2013 Better Work has only reported non-compliance with freedom of association at the national level (as opposed to the factory level). This pertains specifically to non-compliance vis-à-vis the right of workers to join a union of their choice and the ability of unions to join a federation of their choice.

The compliance point for Union Operations has thus been divided into 2 separate compliance points: (i) a new Freedom to Associate compliance point that includes the two questions relating to freedom to form and join unions and federations, and (ii) the question regarding whether workers are required to join a union, which is still assessed at the factory level.

Better Work Vietnam continues to monitor other aspects of union operations, including access to factories by union officials, and provision of facilities to unions as required, as well as issues relating to interference in union affairs, anti-union discrimination, collective bargaining, and strikes at the enterprise level. It is difficult to gauge the impact of the legal constraints on freedom of association on these other issues.

Section II: Findings

Average Non-Compliance Rates

Chart 1 provides an overview of average non-compliance rates for factories covered in this report. Key findings are provided below, followed by a section with additional details.

In the areas of Core Labour Standards:

- **Child Labour:** None of the assessed factories had workers under the age of 15 during the reporting period. However, there were 23 factories which did not have a reliable system in place to verify workers' age before hiring, 18 factories which didn't keep a record of workers under 18 years old, 3 factories which did not ensure that workers under 18 did not work more than 7 hours a day or 42 hours a week (including overtime) and 19 factories which did not ensure that workers under 18 did not work more than 8 hours a day or 40 hours a week (including overtime). It is noted that due to recent changes in the requirement for workers under 18 in the labor law (effective 1st May 2013), the assessment tool of Better Work Vietnam was adapted to reflect this change. This explains why there exists difference in the assessment criteria over the reporting period.
- **Discrimination:** Non-compliance under Other Grounds of discrimination is primarily due to the fact that 29 factories had failed to comply with what was at the time a quota for hiring workers with disabilities. However, the National Labor Law was revised as of 1st May, 2013 and no longer requires factories to hire disabled workers. Under the compliance point for Gender, assessments found 9 instances of non-compliances related to hiring decisions or job announcements that depended on an applicant's gender or marital status.
- **Forced Labor:** There were three findings related to forced labor in this report. In one instance, the dormitory was located within the factory site and workers were requested to return to the dormitory before a pre-determined time in the evening. In two other factories, the assessors found that workers felt it was difficult for them to leave the workplace even if they had not signed up to work overtime.
- **Freedom of Association and Collective Bargaining:** A total of 16 factories did not consult with their union where legally required and 18 factories did not inform workers about the outcomes of collective bargaining agreements. Better Work assessments also reveal a 68% rate of non-compliance rate with regards to interference and discrimination by management.

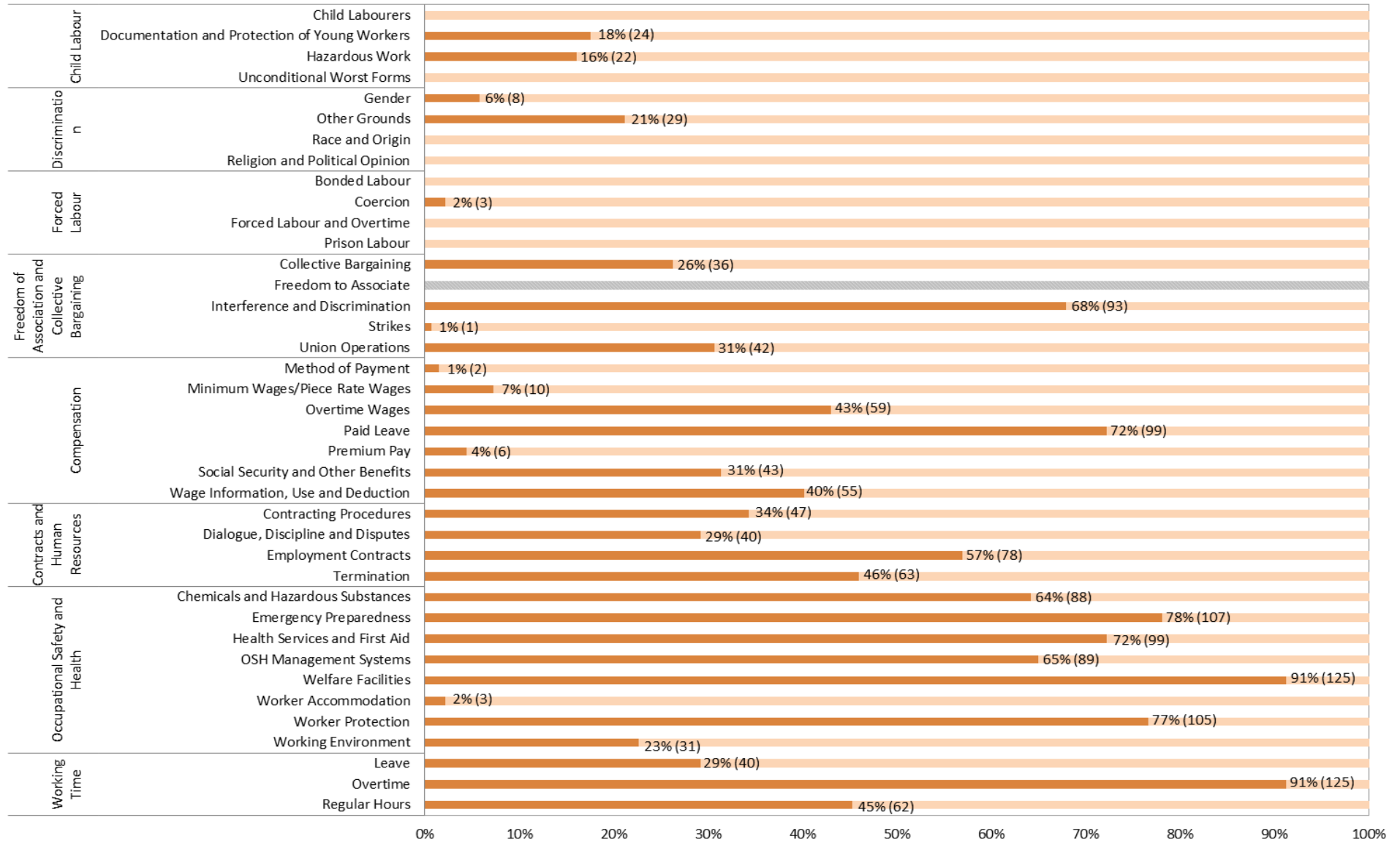
In the areas of Working Conditions:

- **Compensation:** The highest non-compliance rate is under Paid Leave, due to failure to pay workers for 30-minute breaks during their menstruation and failure to pay other leave on time. In the area of wages, 7% of factories did not pay at least the applicable minimum wage for ordinary hours of work and 43% did not pay proper overtime wages. Finally, 31 % of factories failed to properly pay social security and other benefits, with a total of 6 failing to pay the legally required employer contribution to social insurance funds and 5 factories failing to forward employee contributions for social insurance funds to the social insurance authority. In addition, 55 factories had multiple payroll records.
- **Contracts and Human Resources:** A total of 78 factories had contracts that did not comply with the labor law, collective agreements and work rules, while 39 factories failed to comply with limits on the period of employment for probationary workers. In addition, there are a number of findings in the area of Dialogue, Discipline and Disputes, which is most often due to the failure of factories to form a Labor Conciliation Council. A total of 10 factories were also cited for not compensating workers for unused paid annual leave when they resigned or were terminated.

Fifty two factories failed to settle all payments within seven days after termination of the labour contract.

- **Occupational Health and Safety:** There are high levels of non-compliance in this area, including in Chemicals and Hazardous Substances, Emergency Preparedness, Health Services and First Aid, OSH Management Systems, Welfare Facilities and Worker Protection. Some factories have shown improvements in OSH compliance levels, only for them to backslide at other times due to insufficient ongoing attention in this area.
- **Working Time:** There is a 91% non-compliance rate in the area of overtime hours. In addition, 70 factories were found to not ensure that workers have at least 4 rest days per month when weekly rest is not possible.

Chart 1: Average non-compliance rate



Detailed Findings

This section describes the level of non-compliance across participating factories for each sub-section (Compliance Point) within each of the eight categories and, through the In Focus Tables, it presents detailed findings at the question level.

1. Core labour standards

A. Child Labour

There were no instances of workers under the age of 15 during the reporting period.

Documentation and Protection of Young Workers had a non-compliance rate of 18%, with 23 employers who did not have a reliable system in place to verify the age of workers prior to hiring. Employers in 18 factories also did not keep records of workers under 18 years of age.

In Focus 1: Hazardous Work

<i>Question</i>	<i>factories out of compliance</i>
Are any workers who are under age 18 doing work that is hazardous by nature?	2
Do workers who are under age 18 work at night?	2
Do workers who are under age 18 work more than 7 hours a day or 42 hours a week (including overtime)?	3
Do workers who are under age 18 work more than 8 hours a day or 40 hours a week (including overtime)?	19

Regarding Hazardous Work, workers under the age of 18 were found to be working more than 8 hours a day in 19 factories. Non-compliance in this area can be attributed to a number of factors, including recent changes to the law, which some factories have failed to respond to (either unintentionally or otherwise), as well as general failure to identify young workers, and or to manage them separately from regular adult workers in terms of their working time. Prior to May 2013, young workers were permitted to work a maximum of seven hours per day and 42 hours per week. Since May 2013, while the maximum number of hours per day has been increased to 8, the maximum number of hours per week has been reduced to 40.

B. Discrimination

The compliance point for Other Grounds has a 21% rate of non-compliance. This is attributable to the 29 factories who did not comply with legal requirements regarding the hiring of disabled workers. However, it is worth noting that changes to the labor law no longer include a minimum quota for hiring people with disabilities.

There were a few findings related to Gender. Job announcements in 5 factories referred to the applicant's gender or marital status. Gender was a factor in hiring decisions and conditions of work in 2 different factories. In 2 factories, employers terminated workers who were pregnant, on maternity leave, getting married or breast-feeding a child under 12 months of age. Non-compliance for Gender does not seem to be concentrated in a particular factory, but violations are found in different factories.

C. Forced Labour

In 3 factories, Better Work found instances of coercion. Employers restricted workers from leaving the workplace in 2 factories, and 1 factory restricted workers' freedom to come and go from the dormitories and/or the industrial park or zone in which the factory is located. In the first two cases, non-compliance relates to factories requiring workers to ask for permission *not* to work overtime (the vast majority of workers do work overtime, so some factory managers see it as an easier system to require those that don't want it to ask); while in the latter case, the factory locked the worker dormitories at 10pm, resulting in complaints from workers.

D. Freedom of Association and Collective Bargaining

According to Vietnamese law, there is only one legal trade union, the Vietnam General Confederation of Labor (VGCL). VGCL is a major socio-political organization, representing working class, intellectuals and workers in Vietnam. All workers and employees who act voluntarily in an enterprise trade union and contribute regulated union fees can join the union. The union is formed based on the voluntary will of workers and is the only legal representative of the working class in Vietnam.

In addition, all factories that have signed Collective Bargaining Agreements (CBAs) comply with the legal regulation that their provisions be at least as favorable as the law.

Because there is only one legally authorized trade union, every factory will be out of compliance with related questions on freedom of association. Given this, from May 2013, non-compliance regarding the rights of workers to form or join a union of their choice and the ability of unions to form or join a federation of their choice has been reported only at the national level rather than at the enterprise level.

The Union Operations compliance point has accordingly been divided into 2 separate compliance points. A Freedom to Associate compliance point includes the two questions relating to freedom to form and join unions and federations, as well as the question regarding whether workers are required to join a union (which is still assessed at the factory level). Better Work Vietnam continues to monitor other aspects of union operations at the enterprise level, including access to factories by union officials, and provision of facilities to unions under the Union Operations compliance point.

The highest rate of non-compliance within this cluster is found within the compliance point for Interference and Discrimination (68%). As shown in the In Focus table below, a significant number of employers in Vietnam are found to engage in activities typically seen as interfering with a worker's freedom of association and collective bargaining.

In Focus 2: Interference and Discrimination

<i>Question</i>	<i># factories out of compliance</i>
Are workers free to meet without management present?	60
Has the employer tried to interfere with, manipulate, or control the union(s)?	46
Is senior management serving on the union executive committee?	45
Is the employer involved in union decision making, the formation of the constitution and rules, in union activities, administration, finances or elections?	66

In 60 factories, workers were not free to meet without management present. In 46 factories, employer tried to interfere with, manipulate or control the union(s). In 45 factories, senior management served on the union executive committee and in 66 factories the employer was involved in union decision making, the formation fo the constitution and rules, in union activities, administration finances or elections.

The Collective Bargaining compliance point has a 26 % non-compliance rate.

In Focus 3: Collective Bargaining

<i>Question</i>	<i># factories out of compliance</i>
Does the employer consult with unions where legally required?	16
Has the collective agreement in force been approved by more than 50% of workers covered?	10
Has the employer implemented all provisions of the collective agreement(s) in force?	2
Has the employer informed workers about the collective bargaining agreement?	18
If there is a collective agreement, does it provide more favorable terms and conditions for workers than the law?	3

2. Working Conditions

A. Compensation

The highest rate of non-compliance is found for Paid Leave, primarily because 97 factories did not settle claims for sick leave and maternity leave within 3 working days. The non-compliance is concentrated on payment for the 30 minutes rest per day for women workers during their periods, and the proper processing of applications and payment for other personal leave. In most cases, the non-compliance on proper processing for personal leave and settlement of payment is because factories process payments at the end of every month rather than within 3 working days.

The compliance point for Overtime Wages has the second highest rate of non-compliance within this cluster (43%). Concerning Overtime Wages, 31 factories did not pay correctly for all ordinary overtime hours, 17 factories did not pay correctly overtime hours worked on weekly rest days, 14 factories did not pay correctly for all overtime hours worked on public holiday and 10 factories did not pay correctly overtime hours worked at night. These findings are attributable to a number of factors, the most significant being a lack of understanding and/or application of the new Labour Law in the areas of overtime calculation. This is itself partly due to a lack of clarity concerning the law: although Better Work has a rigorous interpretation of overtime pay that was devised in consultation with its Project Advisory Committee, some factories interpret the law differently and official clarification has yet to be provided by the government.

Non-compliance on overtime wages is also linked to non-compliance on minimum wages, since overtime rates cannot be calculated correctly if they are based on an incorrect minimum wage payment. As such, factories which have been found to be paying incorrect minimum wages are by implication marked non-compliant in the area of overtime wages.

In Focus 4: Overtime Wages

<i>Question</i>	<i># factories out of compliance</i>
Does the employer pay workers 150% of normal wage for all ordinary overtime hours worked?	31
Does the employer pay workers 195% of normal wage for all overtime hours worked at night?	4
Does the employer pay workers 200% of their normal wage for all overtime hours worked on weekly rest days?	7
Does the employer pay workers correctly for all overtime hours worked at night?	10
Does the employer pay workers correctly for all overtime hours worked on public holidays?	14

Does the employer pay workers correctly for all overtime hours worked on weekly rest days?	17
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The average non-compliance rate for Minimum Wages is 7%. Five factories did not pay at least the applicable legal minimum wage for ordinary hours of work to temporary workers.

Social Security and Other Benefits has a non-compliance rate of 31%, as shown in the In Focus table below. The most significant problem areas in this regard concern time-keeping of payments: 40 factories failed to pay their (employer) contributions to the social insurance fund on time, while 37 failed to forward their employees' contributions. In some cases, this is due to negligence on the part of the factory, while in others, financial difficulties have been the cited reason for non-compliance. Most commonly however, non-compliance appears to be driven by inconsistent scheduling –that is, factory payment cycles being inconsistent with the due dates for submitting social insurance payments (factories typically prefer to send these payments at the same time as they make salary payments).

In Focus 5: Social Security and Other Benefits

Question	# factories out of compliance
Does the employer collect contributions to social insurance funds from all workers?	11
Does the employer collect contributions to unemployment insurance funds from all workers?	11
Does the employer comply with requirements when workers have occupational accidents and diseases?	4
Does the employer forward employee contributions for social insurance funds to the social insurance authority on time?	37
Does the employer pay the legally required employer contribution to social insurance funds on time?	40
Does the employer pay the legally required employer contribution to unemployment insurance funds on time?	28

Wage Information, Use and Deduction has a 40% non-compliance rate. The major finding is that 55 employers were keeping more than one accurate payroll record. This reflects a common trend across the industry of double payrolls, with factories often paying workers directly (in cash) for hours worked on weekends and in excess of permitted overtime hours. This is often justified on the grounds that workers want the additional overtime but the law does not permit it.

B. Contracts and Human Resources

The highest rates of non-compliance in this cluster are in Employment Contracts (57%) and Termination Procedures (46%).

In Focus 6: Employment Contracts

Question	# factories out of compliance
Do all persons who perform work for the factory, both on the premises and offsite, have a contract?	21
Do the contracts comply with the labour law, collective agreement and work rules?	53
Do the employment contracts specify the terms and conditions of employment?	23
Do the internal work rules comply with national law?	22
Do workers understand the terms and conditions of employment?	9

With regard to contracts, a key source of non-compliance is the failure of factories to specify in their contracts all the terms and conditions required by the labour code (Article 23). In addition to basic and essential details of the worker and his/her terms of employment, the revised labour code (effective May 2013) now requires that contracts specify certain additional information, namely the method for salary increases, the way the salary will be paid, and the training/skills development opportunities that will be offered to the worker. In this reporting period, many factories were yet to update their standard contract templates to account for these new provisions.

In Focus 7: Termination

<i>Question</i>	<i># factories out of compliance</i>
Do resigned or terminated workers receive all other termination benefits required by law?	1
Do workers have an opportunity to defend themselves before they are terminated based on their conduct or performance?	2
Does the employer compensate workers for unused paid annual leave when they resign or are terminated?	10
Does the employer comply with requirements regarding severance pay?	10
Does the employer provide workers proper notice of termination?	2
Does the employer settle all the payments within seven days after termination of the labour contract?	52
Does the employer terminate workers for reasons that are prohibited by law?	1

Regarding termination, a significant share of factories were found to be non-compliant because they failed to settle payments on terminated contracts within the legally mandated seven days. Instead, many factories settle these payments at the end of the month, alongside regular salary payments. Many factories also report that they do not have sufficient time and resources to calculate salary payments as and when contracts are terminated, particularly when it comes to salaries for piece-rate workers (which they argue can only be determined at the end of the month). In other cases, factories report financial difficulties in making severance payments immediately after the termination of employment contracts.

In Focus 8: Contracting Procedures

<i>Question</i>	<i># factories out of compliance</i>
Does the employer comply with limits on the period of employment for probationary workers?	39
Does the employer comply with national law concerning sub-contracted workers at the workplace?	6
Does the employer comply with requirements for temporary transfers of workers to new work?	5
Does the employer sign more than two consecutive fixed term contracts with workers?	6

Many of the cases regarding failure to comply with limits on the period of employment for probationary workers refer to workers who are classified as helpers or cleaners being on a 30-day probationary period rather than the required maximum of 6 days. Some other factories apply a 60-day probationary period for regular workers rather than the required maximum of 30 days.

In Focus 9: Dialogue, Discipline and Disputes

<i>Question</i>	<i># factories out of compliance</i>
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Did the employer resolve grievances and disputes in compliance with legal requirements?	1
Do disciplinary measures comply with legal requirements?	6
Does dialogue at the workplace take place in compliance with legal requirement?	30
Is there a Labour Conciliation Council in the factory?	6

Dialogue, Discipline and Disputes has a 29% non-compliance rate. 30 factories did not comply with legal requirements on organizing dialogue at workplace. Since this is a new requirement in law, effective only since May 2013, this remains an area for which many factories need time to adapt to. Future synthesis reports will likely shed further light on whether this requirement is being adequately understood and applied by factories.

C. Occupational Safety and Health

The report shows high non compliance rates in this cluster of Occupational Safety and Health. They are further analysed in the In Focus tables below.

In Focus 10: Welfare Facilities

<i>Question</i>	<i># factories out of compliance</i>
Does the employer comply with requirements regarding canteen?	12
Does the employer keep food samples for 24 hours?	11
Does the employer provide workers enough free safe drinking water?	4
Does the workplace have adequate accessible toilets?	16
Does the workplace have adequate hand washing water taps?	7
Does the workplace have other legally-required facilities?	120
Is the workplace clean and tidy?	28

The non-compliance findings are concentrated on other legally required facilities, including providing changing rooms for female workers, showers, lockers for employees' personal belongings, and other similar types of facilities. Many factories have none of these additional legally required facilities, while others have some but not all or not sufficient numbers. In both cases they will be found non-compliant which accounts for the high level of non-compliance.

In Focus 11: Emergency Preparedness

<i>Question</i>	<i># factories out of compliance</i>
Are any of the emergency exits inaccessible, obstructed, or locked during working hours, including overtime?	74
Are emergency exits and escape routes clearly marked and posted in the workplace?	55
Are there at least 2 possible exits for all workers, where required?	7
Does the employer comply with legal requirements of escape routes?	9
Does the employer conduct at least one emergency drill per year?	15
Does the workplace have a fire detection and alarm system?	30
Does the workplace have adequate fire-fighting equipment?	34
Has the employer developed and trained workers on an emergency evacuation plan?	11
Has the employer trained an appropriate number of workers to use the fire-fighting equipment?	7

Seventy four factories were found with emergency exits inaccessible, obstructed, or locked during working hours, including during overtime. In some cases, exits have been found to be blocked due to excess production materials being kept in the work areas, particularly during busy periods; in others the problem has arisen because of the addition of new machinery in existing fixed spaces. Instances of locked exits commonly arise due to a lack of security guards (when a guard is not present, the doors are often locked, even if it still during ordinary working hours). Failure to equip exit areas with adequate signs and markers (to instruct staff not to block exits) is another factor that is widely observed.

Seventy factories were found non-compliant in the area of chemical and hazardous substance labelling (In Focus Table 12). The law requires such substances to be labelled with both text and warning pictograms, but pictograms in particular are commonly missing. Instances of labels peeling off are also common.

On health services and first aid, the most widespread cause of non-compliance is the absence of twice-yearly health checks for certain categories of staff (see Table 13 below). In Vietnam it remains industry practice for factories to provide just one (complementary) annual health check to workers. Similarly, a significant share of factories (47) were found to be non-compliant on first aid training, typically due to insufficient coverage (in terms of staff trained) or the poor quality or scope of the training. A similar problem –in terms of inadequate training, as well as poor awareness- was observed in the 39 factories marked non-compliant on HIV/AIDS prevention.

In Focus 12: Chemicals and Hazardous Substances

<i>Question</i>	<i># factories out of compliance</i>
Are chemicals and hazardous substances properly labeled?	70
Are chemicals and hazardous substances properly stored?	36
Does the employer keep an inventory of hazardous chemicals used in the workplace?	23
Does the employer keep chemical safety records for the hazardous chemicals used in the workplace?	49
Does the employer provide adequate washing facilities and cleansing materials in the event of exposure to hazardous chemicals?	28
Has the employer effectively trained workers and supervisor who work with or are responsible for hazardous chemicals?	20
Has the employer taken action to assess, monitor, prevent and/or limit workers' exposure to chemicals and hazardous substances?	32

In Focus 13: Health Services and First Aid

<i>Question</i>	<i># factories out of compliance</i>
Do female workers receive periodical gynecology health checks every 6 months?	13
Do workers who are exposed to work-related hazards receive free pre-assignment and periodical health checks every 6 months?	21
Do workers who are exposed to work-related hazards, are disabled, juvenile and/or elderly receive free periodical health checks every 6 months?	49
Does the employer adequately protect pregnant or nursing workers against safety and health risks?	16
Does the employer comply with the law on HIV/AIDS Prevention and Control?	39
Does the workplace have sufficient onsite medical facilities and staff?	6
Does workers who are not exposed to work-related hazards receive pre-assignment and annual medical checks?	24
Has the employer ensured that there are a sufficient number of readily accessible first aid boxes/supplies in the workplace?	18

On OSH management systems (In Focus Table 14), a large share of factories -61 in total- were found non-compliant due to inadequate attention to OSH units, Labour Protection Councils and OSH collaborators networks. While many factories do establish these entities, the reality is that many do not “function” properly. In non-compliant factories, these entities did not meet regularly and/or did not have an accompanying work plan or action plan.

Fifty-three factories were found to be non-compliant due to inadequate use of personal protective equipment by staff (In Focus Table 15). In part, this reflects the common practice in the industry for workers to remove or refuse to wear PPE for certain jobs, particularly masks and gloves, and particularly in the cutting areas. Similarly, 50 factories did not have proper guards –such as eye guards and needle guards- installed on machinery. Some workers report having removed eye-guards because they impair their view of what they are doing.

In Focus 14: OSH Management Systems

<i>Question</i>	<i># factories out of compliance</i>
Does the employer conduct risk assessment?	13
Does the employer develop an OSH plan annually?	36
Does the employer develop the Document on Working Conditions and Environment?	27
Does the employer inspect and measure the environmental conditions in the workplace on a annual basis?	8
Does the employer keep updated records of work-related accidents and diseases?	15
Does the employer regularly inspect and maintain machines, equipment, buildings and stores?	12
Does the factory have an approved OSH feasibility study?	9
Has the employer performed an assessment of general occupational safety and health issues in the factory?	3
Has the employer set up a properly functioning Unit in charge of OSH and/or Labour Protection Council and OSH collaborators network?	61

In Focus 15: Worker Protection

<i>Question</i>	<i># factories out of compliance</i>
Are electrical wires, switches or plugs properly installed, grounded, and maintained?	33
Are proper guards installed and maintained on all dangerous moving parts of machines and equipment?	50
Are standing workers properly accommodated?	30
Are there appropriate safety warnings posted in the workplace?	17
Are there sufficient measures in place to avoid heavy lifting by workers?	9
Are workers effectively trained and encouraged to use the personal protective equipment that is provided?	3
Are workers effectively trained to use machines and equipment safely?	14
Are workers effectively trained to use the personal protective equipment that is provided?	15
Do workers have suitable chairs?	11
Do workers use the machines and equipment in a safe manner?	44
Do workers use the personal protective equipment that is provided?	53
Does the employer comply with legal requirements related to machines and equipment subject to strict occupational safety requirements?	14

Does the employer provide workers with all necessary personal protective clothing and equipment?	31
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In Focus 16: Working Environment

<i>Question</i>	<i># factories out of compliance</i>
Is the noise level in the workplace acceptable?	12
Is the temperature in the workplace acceptable?	15
Is the workplace adequately lit?	4
Is the workplace adequately ventilated?	5

D. Working Time

There is a 91% non-compliance rate in Overtime. All of these factories exceeded the national legal limit of 300 overtime hours per year. In some cases, factories also exceeded daily overtime limits. In addition, 70 factories did not ensure that workers have on average at least 4 rest days per month. High rates of non-compliance in this area reflects an industry-wide trend of excessive overtime, as defined by the law. Many factories are aware that even if they comply with legal limits on monthly overtime (30 hours, as per the law), they would still be found non-compliant vis-à-vis annual limits (300 hours).

Concerning Leave (29% non-compliance rate), the non-compliance is mainly due to 27 factories where the employer did not allow workers to take 30 minutes rest during their period. This largely reflects the fact that verifying who is eligible for these rest breaks at any given time is almost impossible for factories. Because of this, factories typically prefer to pay female workers a lump sum on top of their salary to account for the required breaks during their period (e.g. 30 minute breaks over three to four days per month).

Under Regular Hours, which has a 45% non-compliance rate, the main finding relates to 56 factories where working time records did not reflect the hours actually worked. This reflects an industry wide problem of “double books” (i.e. keeping two sets of working time records) to conceal true working hours, which is motivated by a range of factors mostly the scope of this report. It is known however that some factories conceal working time out of fear of reprisals from buyers, as well as to cover up the time taken to rectify errors and mistakes made on the production line.

Section III: Changes in Compliance

Methodology

This section of the synthesis report concerns only the 121 factories that have been assessed more than once by Better Work Vietnam.

Chart 2 shows the changes in non-compliance that have occurred in these factories between the most recent Better Work Vietnam assessment and the one immediately previous to it.

Better Work defines compliance effort as the difference in non-compliance between two consecutive Better Work assessments. As such, positive percentages indicate improved performance and negative percentages indicate a decline in performance.

It is important to note that the data may not fully capture all improvements made at a factory as there are situations whereby questions remain 'non-compliant' even despite positive changes being made. For instance, in the area of overtime, factories may have made improvements in adhering to daily or weekly overtime limits but may still be out of compliance on overtime questions if they do not adhere to annual overtime limits. Similarly, if many (but not all) factory workers had started to wear personal protective equipment, or many (but not all) chemicals were now labeled, these questions would still be reported as non-compliant overall.

Each cluster is explored in detail below:

Child Labour

There was no child labour found during the last 12 months in comparison with 1% in April 2013. This was due to the high precedence given to this issue by both Better Work and its factories in recent months, for example through the development of factory policies on non-recruitment of under-15s, strengthening documentation of young workers and the age verification process during recruitment, and arranging appropriate jobs for young workers aged 15 to 18.

Some improvements vis-à-vis the management of young workers are observed, such as documentation and protection of young workers due to the improvement in age verification and arranging appropriate jobs for their age to protect young workers.

Discrimination

The dramatic improvement in non-compliance (79%) under Other Grounds of Discrimination relates to discrimination on grounds of disability. A major factor in this has been the revision of the Vietnamese labour law, effective since May 2013, which removed the provision that all factories must meet a 3% quota for the employment of persons with disabilities.

The quota requirement was the main cause of non-compliance in the previous reporting period. However, Better Work still encourages factories to continue recruiting persons with disabilities, since they are a significant untapped resource in the labour market and are proven to be dependable and productive employees.

Forced Labour

Three factories (2%) restricted workers in some way from leaving their workplace. This includes allocating a limited number of toilet cards to workers (for toilet breaks) or requiring supervisor

permission for workers leaving the factory after official working time (i.e. when they do not want to work overtime).

Freedom of Association and Collective Bargaining

In this area, the most recent Better Work Vietnam assessments show a dichotomy in compliance performance between (a) Collective Bargaining and (b) Union Operations. While on Collective Bargaining compliance has improved by 13%, there has been a 4% decline in compliance vis-a-vis Union Operations.

The improvement can be explained by the fact that factory managers are now placing greater attention on the process of collective bargaining, as well as its proper implementation (e.g. consulting the trade union over legal requirements such as developing bonus regulations, issuing work rules, and implementing all provisions of the collective agreements in force). In addition, compliance performance also been aided by recent changes to Better Work's own definitions and guidance on what constitutes management interference and involvement in union activities, as well as changes to the above-mentioned assessment reporting protocol on freedom of association.

Besides that, Better Work Vietnam also made deeper analysis about the performance of union operations.

Compensation

There was an 11% improvement in compliance effort on minimum wage payments (from 19% to 8% non-compliance). This reflects the growing understanding among Better Work factories both of the legal requirements concerning minimum wages and how to correctly calculate basic monthly salaries.

There was also an improvement of 21% in compliance effort on paid leave (from 92% to 71% non-compliance), which reflects the growing number of factories now paying female workers for 30 minutes rest per day during their menstruation period. Factory policies, knowledge and practice on how to correctly calculate and pay the annual leave payment have also improved over this reporting period.

However, there were some issues wherein compliance effort declined, namely overtime wages (a 13% decline, from 30 to 43%). This is due in part to poor understandings and application of the new labour law requirements on overtime payments, especially where it concerns night and Sunday work.

In addition, as in the past report, the 7% decline observed in the area of social insurance (from 23% to 31%) is attributed to an increase in factories which (a) did not pay the legally required employer contribution to social insurance funds and (b) failed to forward employee contributions for social insurance funds to the social insurance authority. This can largely be explained by factories trying to delay payments to the authorities due to recent financial difficulties.

Contracts and HR

Compliance performance differed between contracting procedures and termination, with a 14% improvement (in compliance effort) in for the former, and a 22% decline for the latter.

There has been no significant change in the new labour law regarding contracting procedures, so Better Work factories should now be familiar with the requirements in this area. However, many factories continue to find it difficult to settle all payments within 7 days following termination of a labour contract (as required by law). This is especially true for factories that pay piece rates, or

calculate piece rates for whole working sections, because they need to wait until the end of each month to calculate individual or collective (i.e. working section) output figures.

OSH

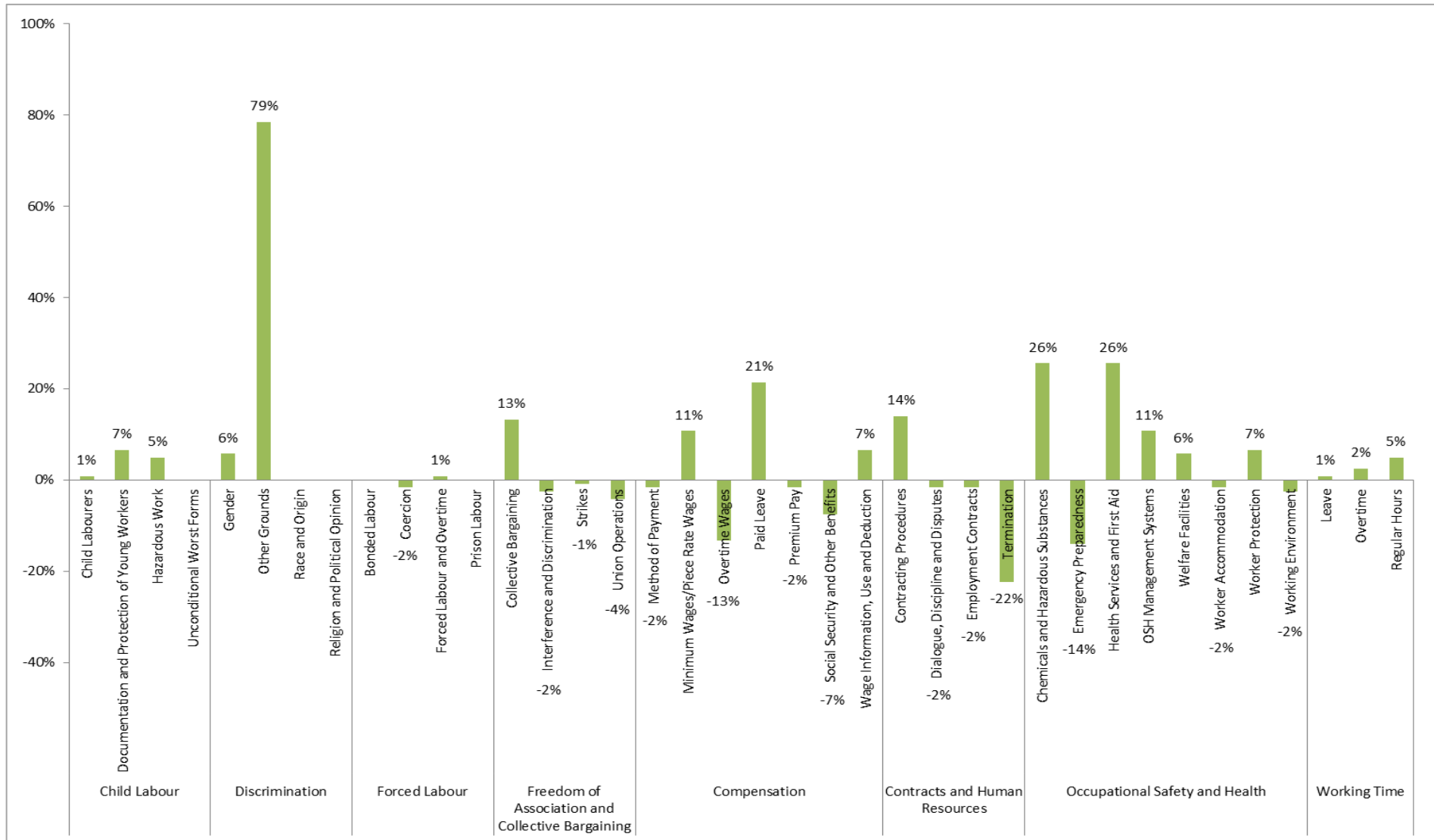
There are four areas in this section that have seen significant changes in compliance effort (Chemicals and Hazardous Substances, Emergency preparedness, Health Services and First Aid, and OSH Management Systems).

- **Chemicals and Hazardous Substances:** There was a significant improvement (26%) in this area, which consists of assessing, monitoring, preventing and/or limiting workers' exposure to chemicals and hazardous substances; keeping chemical safety records for the hazardous chemicals used in the workplace; having an inventory of chemicals and hazardous substances in the workplace; having adequate washing facilities and cleansing materials in the event of exposure to hazardous chemicals; and training workers on how to use chemicals. These improvements can be linked to Better Work Vietnam advisory services, which have helped raise the capacity of factories to comply in this area.
- **Emergency Preparedness:** Due to the changes in Better Work Vietnam's assessment criteria and the heightened recent focus of its staff on fire safety issues in the factories, this reporting period has seen a 14% increase in non-compliance in this area. New requirements under this assessment criteria pertain to the widening of walkways, the inclusion of female workers in Fire Fighting Teams, provision of building construction certificates, use of warning signs, and storage of flammable materials/liquids.
- **Health Services and First Aid:** Compliance effort has improved over the reporting period by 26%. This is primarily due to the removal of compulsory health check requirements for non-clinical tests in factories, as well as improving factory preparedness in the area of first aid provisions (e.g. first aid team, first aid boxes).
- **OSH Management Systems:** This is another area of improvement during the reporting period. An 11% increase in compliance effort on OSH management derives mainly from the higher capacity of factories to comply with the law concerning the Labor Protection Council and a Network of OSH collaborators (both by paper and in practice), as well as annual inspections of working conditions and environments.
- **Welfare Facilities:** Although there was a 6% improvement in compliance effort vis-a-vis (provision of) welfare facilities, non-compliance remains widespread at 90%. This reflects weak management commitment to provide adequate quality canteens and toilets, as well as lockers and changing and shower rooms although this issue of changing/shower rooms has been recently removed from BW assessment guidance.

Working time

The area of regular hours shows a 5% improvement in compliance effort. The main outstanding issue of concern in this cluster concerns the 300 hours overtime limit per factory per year, with which most factories continue to be non-compliant. Better Work advisors continue to advise factories in areas such as production planning and productivity enhancement in order to develop workable solutions to this challenging issue.

Chart 2: Compliance effort



Section IV: Conclusions

Conclusions and Next Steps

This seventh Better Work Vietnam public synthesis report is important in highlighting both the current state of working conditions in the factories enrolled in the program as well as internal improvements that the program has made itself. In the context of the changing legal framework in Vietnam, it is essential to differentiate between these two factors so as to be able to identify the most appropriate methods for continuing to make change.

Key conclusions include the following:

The trends among factories assessed by the program remain largely consistent with findings reported in earlier synthesis reports. There continue to be high levels of non-compliance in the area of occupational health and safety, overtime hours, paid leave, and contracting procedures and proper payment for temporary workers. As such, the findings in this report strengthen a general understanding of the most prevalent issues across the industry.

There are a number of areas where Better Work Vietnam staff have received ongoing and intensive training and more practical experience, leading to more findings in subsequent years of assessments. In particular, this relates to greater numbers of findings around multiple payroll records, some areas of occupational health and safety, and freedom of association and collective bargaining. In the area of occupational health and safety in particular, the program will be adding additional questions and more detailed guidance to its assessments, which should lead to even more data for analysis in subsequent reports.

Many of the factories that have joined the program in the past year are those who may not have actively engaged in social compliance monitoring in the past, may be smaller factories, or may be factories that do not have as proactive an attitude as others who joined in the initial stages of the program. As such, while non-compliance rates may appear to be worsening in some areas, this is in part an indicator of the program taking on a more diverse set of factories rather than simply showing that performance is getting worse across the industry.

With regard to compliance effort between current and preceding assessments, the major problems appear to be in the areas of overtime wages, termination and emergency preparedness. On overtime wages, Better Work Vietnam has changed its Compliance Assessment Tool (CAT) according to its interpretation of the revised Labour Code (in consultation with its Project Advisory Committee). Some factories, however, have interpreted the revised law differently and as yet, the government has not issued any official clarification on this. In addition, last year saw an increase in factories granting workers additional leave days in lieu of for overtime rates working on public holidays and weekly rest. This practice is not accepted by Better Work and thus considered non-compliant.

On termination, compliance effort has fallen due to the addition to the CAT of a new question concerning payment of terminated contracts within 7 working days (effective February 2014) – something many factories find hard to comply with. Similarly, on emergency preparedness, Better Work has introduced more stringent requirements in the CAT on fire safety – such as on fire alarm testing, the height and width of fire exits and fire-fighting team sizes- which have had a negative effect on compliance effort over the observed period.

In the course of working to help factories improve their compliance, Better Work Vietnam will continue to actively coordinate with the Ministry of Labor, Invalids and Social Affairs (MoLISA), the Vietnam General Confederation of Labor (VGCL) and the Vietnam Chamber of Commerce and Industry (VCCI) to further identify strategies for ensuring adherence to the laws and helping show the

link between improvements in working conditions and business competitiveness so as to help drive a commitment to ongoing progress. Moreover, in light of recent changes under the revised Labor Code (effective May 2013), Better Work Vietnam will work with aforementioned social partners to improve factory-level dialogue in the workplace. Foremost in this regard is the development of compulsory dialogue mechanisms, which should meet the criteria set out in the law (concerning, amongst other things the composition such dialogue fora, meeting procedures and frequency, and the content that should be discussed).

Annex A: Factories covered in this report

3Q Vina Co. Ltd.	Chin Phong	Poong In Vina 4
Protrade	Hansoll- Dae Kwang	Continent Packaging
United Sweetheart	SH Corporation	Cerie Binh Duong
Shinsung Vina	Yupoong Vietnam	Great Super Enterprise
NB Blue	Delta Starmark Garment	Simone Tien Giang
Hansae Vietnam	Tai Viet	J&D Vinako
Hansae TN	Dong- A Vina	Top One Garments
Tri Dat Garment Co. Ltd.	Branch of Poong In	Bando Vina
L&S Vina	Asia Garment Manufacturer	Saigon 2- Trung Lap Phu
Lotus Textile & Garment	Eland Vietnam	Tan Uy Dat
Panko Vina Corporation	Washi Washi	ANDO
King Star Garment	I.S Vietnam	Maxim Vietnam Company.LTD
Hansoll Vina	S.J Vina	SB Pearl Fashion
Chutex International	K.J Vina	Fashion Garment 2- Tan Phu Brand
NB Vietnam 2 Company Limited	Nam Phuong Co.	Pungkook One Member Co. Ltd.
Nobland Vietnam	Teratex	Cartina Enterprises Vietnam Ltd.
Sarah	Langham	Son Kha Screen Printing Co. Ltd.
Poong In Vina	Pungkook Saigon II Company	TTG Co. Ltd.
Domex Vietnam	Sun Garment	Ando 2
Jiangsu Jing Meng Vietnam	Nurian	WIN VINA
T&T Co. Ltd.	A First Vina	Truong Capital
O-Sung Vina Co. Ltd	Nahal	Puku Vietnam
Shillabags International Co.	Precious Garment	Mango Fashion
King Hung Garments Industrial Co.	M.D.K	Premier Fashion Garment
Moland Company	Nam Ho	Chuan Mei Glove Col.Ltd.
Quoc Hai Garment	SIMONE ACCESSORIES	Thien Chi Co. Ltd
Tae Young Vina	Beautec Vina	ELAND VIET NAM CO., LTD – LONG AN
Eins Vina	Viet My	SAIGON PRIVATE GARMENT
Unipax Co. Ltd.	M&J Garment	Emperor VN Co.Ltd.
FTN Vietnam	Thuan Phuong Embroideries	Truong Vinh 2
Avery Dennison RIS	Saoin Embroideries	Thao Minh
Viet Hung	Kanaan Saigon	Sun World Garment Co. Ltd.
CCH Top	Cuong Tai Co., Ltd.	Thuan Phuong- Binh Chanh Branch
Alta Mode Vietnam	Alliance One	Nurian Vietnam 2 Co. Ltd
Eclat Textile Co., Ltd (VietNam)	Triple Garment Co., Ltd.	Phuong Dong
KL Texwell Vina	Texma	Chinh Tuc Co. Ltd.
Colltex Garment	I&Y	Pierich International Co. Ltd
Truong Vinh	Spring Fashion	FU-LUH SHOES CO. LTD.
Viet Tien	Yes Vina	SAMBU VINA SPORTS LTD.
Esquel	Nha Be	YESUM VINA
Garmex Saigon	Phu Khang	Hong Seng Thai-Vina
Huu Nghi	Lam Thanh	NOBLAND VIETNAM CO. LTD
Nam Yang	Li Yuen	Branch of Alta Mode Vietnam Co. Ltd.
Viet Thinh Garment	Chi Dat	Global Apparel Group Co. Ltd.
Thao Uyen	Phuong Nam Garment	HOA THANH
Epic Designers	Tien Tien	

Annex B: Buyers participating in Better Work Vietnam (this reporting period)

Abercrombie & Fitch	LL Bean Inc
adidas Sourcing Limited	Lululemon Athletica
American Eagle Outfitters, Inc.	Migros
Ann Taylor Stores Corporation	MEC
Brooks Sports	New Balance Athletic Shoe Inc.
Burberry Asia Ltd.	Nike Inc., Vietnam
Carhartt, Inc.	Nordstrom
Carmel Clothing	Patagonia
Coach	Pentland Brands
Columbia Sportswear Company	Phillips - Van Heusen Corporation
Dallas Cowboys Merchandising Ltd.	Primark Stores Ltd
Esprit	Puma AG/World Cat
F&T Apparel LLC	Recreational Equipment Inc (REI)
Kate Spade	Sanyo Shokai Ltd.
G Star Raw C.V	Sears Holdings Management Corporation
Gap, Inc.	Sumitex International Company Ltd.
Greenfield Fashion Limited	Talbots
H & M Hennes & Mauritz	Target
J. Crew	The Jones Group
Kohl's Department Stores, Inc.	The Walt Disney Company
Levi Strauss & Co.	Wal-mart Stores Inc.
Li & Fung	