



**BetterWork**  
Vietnam

# Annual Report

**A Decade of  
Empowering Workers  
and Driving Business**



International  
Labour  
Organization



**IFC**

International  
Finance Corporation  
WORLD BANK GROUP

2019 DATA

# FOREWORD



## An innovative report to inspire concrete change

Better Work Vietnam (BWV) presents the eleventh edition of its Annual Report in a new format. The study highlights the results of factory assessments and showcases the programme's key initiatives. These include the partnerships, achievements, and challenges of the last 12 months. The findings are presented from the analysis of assessments of 295 factories in 2019. They provide an industry overview as well as insights on the response to the global Coronavirus (COVID-19) pandemic. They also showcase efforts to promote gender equality.

Better Work Vietnam is a joint initiative of the International Labour Organization (ILO) and the International Finance Corporation (IFC). Having created a strong presence over the past decade, we aim to encourage more sustainability efforts. Continued support from our national and international partner organisations and brands has already produced results.



Australian Government  
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Confederazione Svizzera  
Confederaziun svizra

Swiss Confederation

Federal Department of Economic Affairs FDEA  
State Secretariat for Economic Affairs SECO

The digital version of the Annual Report can be found on our website: <https://annual-report.betterwork.org/2019>

## Adopting responsible business practices

Better Work Vietnam, which was established in 2009, now covers more than 360 garment and footwear factories, and 600,000 workers. The programme offers assessments, training and advisory services to all enrolled factories to promote better working conditions and factory competitiveness. In 2019, Vietnam adopted a Labour Code empowering workers and employers to maintain good workplace conditions. Through our advisory services, assessments and training, we have seen progress in several areas. We aim to strengthen our partnerships with local stakeholders to sustain our impact. Vietnam's garment and textile industry has expanded by more than 7.5%. In 2019, it was worth US\$ 39 billion in export revenue. Now, many clothing factories face serious challenges due to the COVID-19 pandemic, giving their dependence on imported materials and accessories (primarily from China and Korea) and export market (mainly to the US and the EU). The long-term impact is difficult to predict. The industry could face a major threat if COVID-19 cannot be contained, leading to falling demand. Dialogue and labour compliance are encouraged by the programme for long and short-term development goals.

### OUR PROGRESS

- ◆ **Contribute to the policy-making process for revised labour laws by giving technical advice based on practical experiences**
- ◆ **Lowest non-compliance rate on one accurate payroll record for factories with us for the last eight years.**
- ◆ **Support sustainable compliance through good management systems, sound industrial relations and dialogue at the workplace.**

## 4 COUNTRY OVERVIEW

In 2019, we focused primarily on increasing compliance and strengthening industrial relations at participating factories. We also initiated discussions with national partners on sustaining the programme's impact.

## 6 HOW WE WORK

1,911 advisory visits, 321 assessments and 125 training sessions were carried out by Better Work Vietnam in 2019. In addition, we collaborated with brands and partners to build capacity, strengthen social dialogue and improve industrial relations.

## 8 OUR STRATEGY

In this section, we present Better Work Vietnam's Strategic Vision for 2017-2022, showcasing our long-term goals to improve working conditions, respect labour rights, deepen the role of national stakeholders and empower women.

## 10 NON-COMPLIANCE HIGHLIGHTS

The non-compliance numbers in this section are the result of the assessments of 2019 for 295 factories. Highlights from the main clusters either focus on areas where non-compliance is very low or has improved from previous years or in areas where it is high or has regressed.

## 11 KEY ACHIEVEMENTS

We have succeeded in addressing publicly reported issues through the transparency portal, improving the handling of chemicals and hazardous substances and maintaining accurate payroll records.

## 14 TACKLING CHALLENGES

Half of the assessed factories do not have adequate onsite medical facilities and staff. A significant number do not maintain functioning fire detection and alarm systems. We examine how a factory struggling with business efficiency benefits from Better Work's services

## 16 SPOTLIGHT

Better Work completed a decade of operations in Vietnam in 2019. We showcase the key developments and improvements within the timeframe.

## 18 THE WAY FORWARD

Collaborations and joint initiatives with partners and brands in 2020 will lead the way toward driving sustainable change. We also highlight our response to coronavirus pandemic to support the factories.

## COUNTRY OVERVIEW

# Vietnam

As Better Work Vietnam enters its eleventh year in the country, we have seen outstanding improvements. Benefits include payroll and time record transparency, dialogue in the workplace, freedom of association and collective bargaining. We will continue to build awareness on issues relating to gender equality among workers and unions. But additional challenges related remain including the approach to overtime and occupational safety and health (OSH).



***This (the adoption of Labour Code, 2019) is a significant step as it will substantially improve Vietnam’s employment and industrial relations, and create a solid foundation for fair, international integration and trade.”***

*Chang-Hee Lee, ILO Country Director for Vietnam*

# COUNTRY OVERVIEW



**363**

factories enrolled with our programme



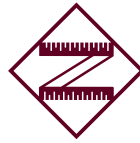
**606,597**

workers in registered factories



**79%**

of the workers are women



**297**

assessments of factories completed



**125**

training sessions offered by the team



**3,099**

training participants reached

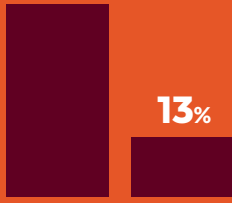
## ACHIEVEMENTS

**20**



percentage points was the decline in non-compliance on having a properly functioning unit in charge of OSH and/or an OSH Council among the 62 factories that have been with Better Work Vietnam for more than eight years.

**42%**



Non-compliance on ACCURATE PAYROLLS decreased 29 percentage points after eight years (cycles) with Better Work Vietnam.



**22**



percentage points decrease in non-compliance on UNION CONSULTATION among the 62 factories that have been with us for more than eight years.

Better Work Vietnam's ADVISORY AND TRAINING SERVICES have contributed to drop in non-compliance in OSH Management System for factories that have been with us for eight years or more.



## CHALLENGES

**78%**



of all the participant factories were non-compliant with monthly limits and 74% were non-compliant with annual limits of overtime hours worked. Excessive OVERTIME continued to be a challenge in the assessed ones.

**50%**



of the assessed factories did not have sufficient ONSITE MEDICAL FACILITIES AND STAFF. One critical aspect of the assessment is the presence of at least one doctor for factories with more than 300 workers, including during overtime hours.

**31%**



of assessed workplaces did not have a functioning FIRE DETECTION AND ALARM SYSTEM. In order to bring non-compliance rates down further, factories will need to implement more frequent and thorough checks and maintenance to ensure continuous functionality.

# HOW WE WORK



## The three-level approach

Our work goes far beyond factory assessments. At the global level, our initiatives invite international stakeholders and brands to tackle the key problems. We also address domestic issues through our partnerships with government organisations, unions and employers' associations.

 <h3>GLOBAL REACH</h3>	 <h3>COUNTRY LEVEL</h3>	 <h3>FACTORY LEVEL</h3>
<p>We act as a global resource for data-driven information and strategies for improving labour conditions and enhancing productivity. The ILO, IFC and the World Bank (WBG) leverage their partnership through Better Work to <b>collaborate on public policy and technical interventions</b> for improved work outcomes.</p>	<p>We work with national constituents to build capacity, influence labour laws, and strengthen industrial relations. Our efforts <b>improve competitiveness and strengthen the private sector</b>, with benefits for well-performing factories. We work with local institutions and social partners to improve workplace compliance.</p>	<p>We offer hands-on assistance to promote cooperation between workers and management. Training, advisory services and practical tools help managers and workers <b>increase their ownership of labour law compliance</b>, self-diagnose and fix problems themselves with our trainings and advisory.</p>

## OUR CHECKLIST

We evaluate over 200 issues on the eight topics below on international (red) and national (yellow) labour regulations.

							
CHILD LABOUR	DISCRIMINATION	FORCED LABOUR	FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING	COMPENSATION	CONTRACTS AND HUMAN RESOURCES	OCCUPATIONAL SAFETY & HEALTH	WORKING TIME

## COUNTRY LEVEL INITIATIVES IN 2019



### INDUSTRIAL RELATIONS

The third module of the Industrial Relations (IR) training on Collective Bargaining Agreements (CBA) has been rolled out to participating factories. The global IR toolkit and IR strategy are revised to support our advisory work on IR that goes beyond social dialogue, and covers topics such as grievance mechanisms, strike and dispute resolutions.



### SPECIAL PROJECTS

We collaborated with the IFC to expand the Gender Equality and Returns (GEAR) project, a special initiative to promote career progression opportunities for female workers in the garment sector. We also facilitated a pilot 'Training of Trainers' (ToT) programme for Vietnamese trainers and our staff in five of our factories.



### PARTNERSHIPS

We continued our 'Building Bridges' programme, which brings together officials from different sectors across the country. We partnered with international brands to conduct workshops on sexual harassment prevention. Through the cooperation mechanism with the MoLISA labour inspectorate, we continued to put pressure on factories to take mediation actions.

## AN EVIDENCE-BASED APPROACH TO ADDRESSING CHALLENGES

We care for informed policy-making. Vietnam has been part of three published research papers:

◆ **Beyond the Workplace:** This paper shows that a quality job translates into changes in gender norms and dynamics within households, especially in terms of communication and dialogue.

◆ **Firm Compliance and Public Disclosure:** This research paper demonstrates the positive impact of the new public disclosure programme, where factories' names and their compliance (or lack thereof) with certain "critical issues" are available through an online portal.

◆ **Impact Evaluation of Better Work from a Gender Perspective:** This study shows that exposure to Better Work has a positive impact on gender gaps in wages and hours of work, as well as concerns about overtime issues.

## STEPS TO SUPPORT FACTORIES' ACTIVITIES IN 2019



### ADVISORY SERVICES

We conducted 1,911 advisory visits in factories to increase our outreach to the sector's workforce and improve our core service delivery. We continued the dialogues with partners to advance the sustainability roadmap development.



### ASSESSMENTS

We carried out 321 assessments, which serve as a baseline for improvements during the year. International brands use these reports to sustain partnerships in the supply chain.



### TRAINING

We delivered 125 training courses, with a total of 3,099 participants. 90 non-registered factories took the training in 2019, a sharp increase from 34 over the previous year. We will expand training on best practices to partners.

# OUR STRATEGY

## INDUSTRY UPDATE

### New legal framework to improve labour conditions

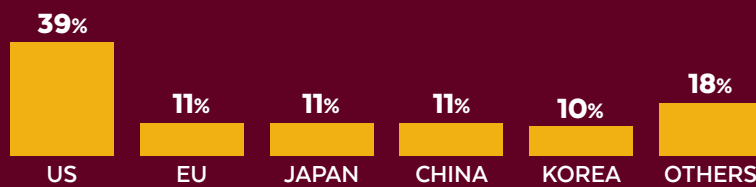
Consolidating on previous trade agreements, including the European Union-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the Vietnamese National Assembly ratified the ILO Convention 98 on Right to Organise and Collective Bargaining Convention in June 2019. In October 2019, the National Assembly of Vietnam adopted the historic Labour Code. These instruments are guiding a new industrial relations framework in Vietnam. Key changes included in the new Labour Law reform:

- ◆ Expansion of the definition of the worker.
- ◆ Less government involvement, greater autonomy for employers and workers to negotiate and decide on conditions, including wages, safety and health.
- ◆ The right of workers to form or join a representative organisation of their own choosing, or Worker Representative Organizations (WROs).
- ◆ Clear provisions in light of core labour standards to protect female workers, prevent sexual harassment, discrimination, forced labour, and the employment of minors in the workplace.

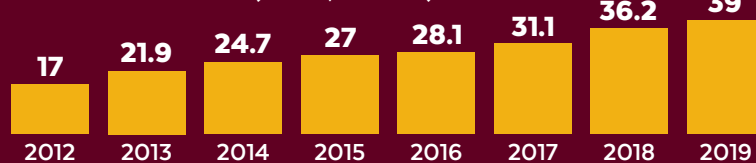
### VIETNAM'S APPAREL AND TEXTILE SECTOR

Apparel and textiles are one of the largest generators of export revenue, at approximately 16% of total exports. The garment sector employs approximately 2.8 million people, of whom 80% are women.

#### MAIN EXPORT MARKET IN 2019



#### YEARLY GROWTH (in US\$ billions)



\*Figures released by Vietnam Textile and Garment Association (VITAS)



## Our Strategic Vision 2017-2022

The next phase of Better Work Vietnam's strategic vision (2017-2022) aims to build on its impact, with the following objectives:

- ◆ Improved working conditions and business competitiveness in participating factories, with a larger Better Work footprint and impact throughout the industry.
- ◆ Expanded commitments by brand buyers, vendors and supply chain intermediaries to the Better Work model and approach, with business practices that support improved compliance and enterprise sustainability across their supply chains.
- ◆ Enhanced capacity of national institutions to promote and implement the Better Work model, and institutionalise lessons and best practices in national policy making.



## GOALS

## OUR APPROACH

### ACCELERATE IMPROVEMENTS IN WORKING CONDITIONS IN THE GARMENT SECTOR AND BEYOND

- ◆ Increase the number of factories engaged in the programme to more than 500 by the end of 2022, including an extension of our geographical reach. This will increase our reach to roughly one million workers.
- ◆ Focus on advisory and training initiatives that have the most significant impact at the factory level, while also helping to make responsible labour practices the business standard – both in Better Work factories and across the industry more broadly.
- ◆ Expand our reach through strategic collaborations and partnerships, drawing on the IFC’s expertise in environmental standards and resource efficiency and the ILO’s expertise working with small- and medium-sized enterprises.

### BUILD A BUSINESS ENVIRONMENT THAT RESPECTS LABOUR RIGHTS

- ◆ Expand training for local and national brands on compliance, international labour standards and our model so partners can promote best practices across their supplier
- ◆ Enhance influence to factories where Better Work does not have an on-the-ground presence through tailored trainings for buyer partners on our approach, tools and findings.
- ◆ Broaden channels of dialogue and exchange by building a platform for brands and vendors to share best practices and models for sustainable sourcing and compliance.
- ◆ Continue advocating for brands to eliminate duplicate audits, and redirect resources to building capacity and implementing initiatives to support improvements in the supplier factories.

### DEEPEN THE ROLE OF NATIONAL STAKEHOLDERS ON SUSTAINABILITY ROADMAP

- ◆ Working with other ILO specialists, leverage already strong relationships with national stakeholders to deliver targeted advice to national policy makers.
- ◆ Double the number of provincial labour inspectorates trained by our team as part of a broader plan to roll out a coordinated capacity building programme for national labour inspectors.
- ◆ Extend enforcement of the zero-tolerance protocol on child and forced labour to 22 provinces, targeting non-compliant factories with new management support.
- ◆ Train and support partners such as MOLISA as they adapt to and implement Industrial relations reforms, including setting up worker management committees in all factories.

### EMPOWER WOMEN, REDUCE SEXUAL HARASSMENT AND CLOSE THE GENDER PAY GAP

- ◆ Support factories’ efforts to develop practical workplace policies on gender and incorporate these principles into existing internal company rules.
- ◆ Engage partners with expertise in gender-related issues to implement trainings, with particular emphasis on training women in supervisory and leadership skills.
- ◆ Scale-up factory training on sexual harassment prevention, introducing new modules and tools aimed at workers and managers.
- ◆ Shape debates on national labour laws and policies promoting gender equality by illustrating the legal gaps and deficits observed.

# NON-COMPLIANCE HIGHLIGHTS

## Main results from 2019 assessments

Compliance on fundamental labour standards, with the exception of freedom of association and collective bargaining, have been upheld in almost all of the assessed factories. Similar to previous years, incidences of child labour and young workers performing hazardous work are scarce among our participating facilities. The most common form of discrimination in Vietnam's garment workplaces is gender-based. Uncovering and verifying the full extent of the problem remains a formidable task. The non-compliance numbers in this section are the result of the assessments of 2019 for 295 factories.

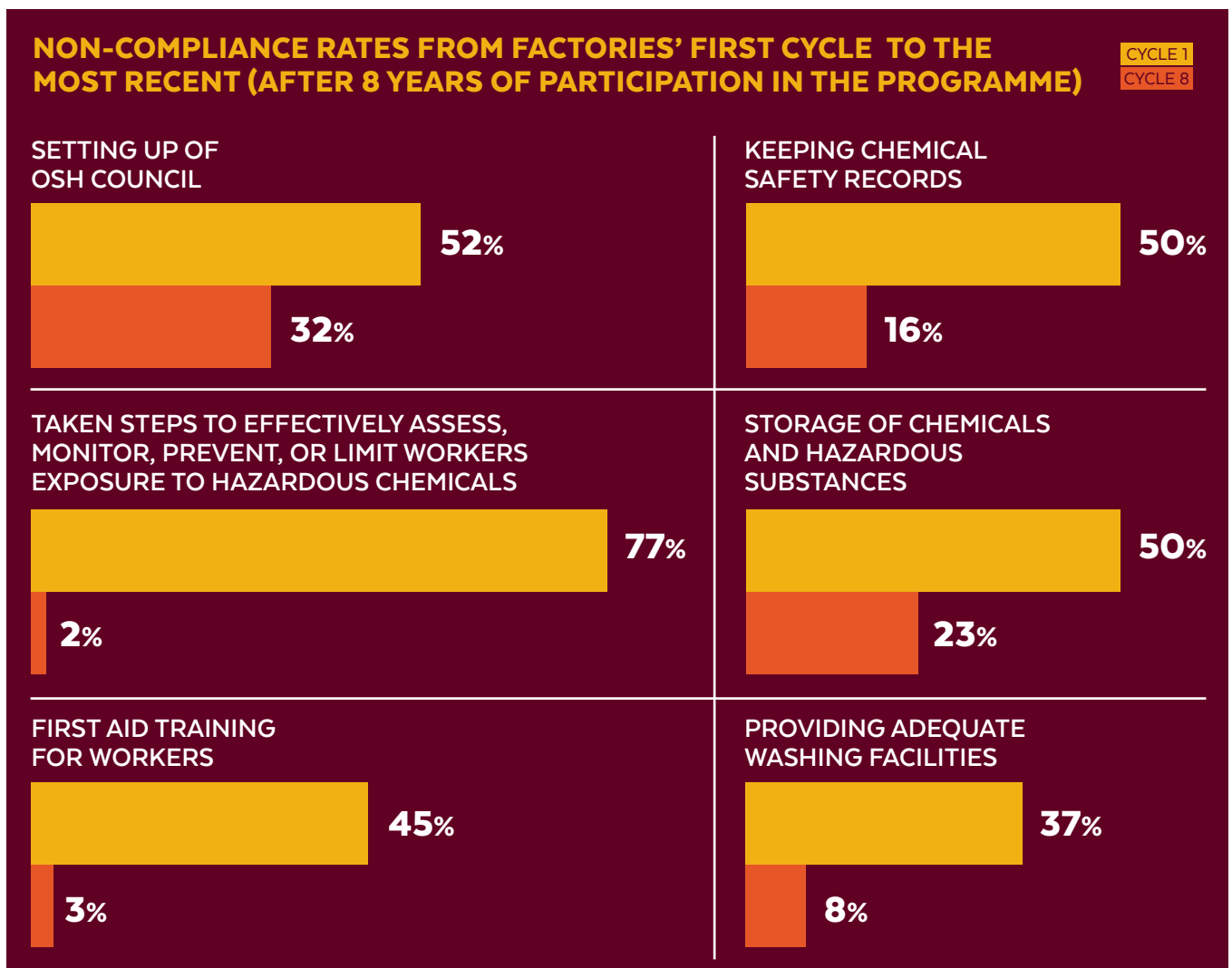


<p><b>CHILD LABOUR</b></p> <p><b>0%</b> of assessed factories have workers under the age of 15.</p> <p><b>4%</b> of employers failed to keep an adequate record of workers under 18 years of age.</p>	<p><b>DISCRIMINATION</b></p> <p><b>3%</b> of employers require pregnancy tests or information on use of contraceptives as a condition of employment.</p>	<p><b>FORCED LABOUR</b></p> <p>No cases of forced labour were found in Better Work factories.</p>	<p><b>FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING</b></p> <p><b>22%</b> of employers did not consult with unions where legally required.</p> <p><b>22%</b> of factories have not ensured the autonomy of the union in its decision-making process.</p>
<p><b>COMPENSATION</b></p> <p><b>1%</b> of employers did not pay wages on time and pay interest in case of late payment.</p> <p><b>19%</b> of factories failed to maintain only one accurate payroll record.</p>	<p><b>CONTRACTS AND HUMAN RESOURCES</b></p> <p><b>8%</b> of factories had not provided all of their workers with an employment contract.</p> <p><b>20%</b> of factories had not specified the required terms and conditions of employment in the contracts.</p>	<p><b>OCCUPATIONAL SAFETY &amp; HEALTH</b></p> <p><b>15%</b> of employers did not keep chemical safety records for hazardous chemicals used in the workplace.</p> <p><b>26%</b> of assessed factories either had their emergency exits or escape routes obstructed or locked during working hours.</p>	<p><b>WORKING TIME</b></p> <p><b>7%</b> of employers had not correctly provided workers with annual leave.</p> <p><b>78%</b> of factories were non-compliant with monthly limits on overtime hours worked.</p>

# KEY ACHIEVEMENTS

## Resolving the bottleneck for safety and health

Extending support to factories to establish a functioning OSH unit will not only help them comply with legal requirements, but also improve the general safety and health conditions of the workplace. Better Work Vietnam’s advisory and training services have contributed to drop in non-compliance in OSH Management System for factories that have been with Better Work for 8 years or more (62 factories total), from 52% non-compliance in the first year with the programme to 32% after 8 years. With adequate and qualified OSH staff, factories are gradually improving their OSH management systems and compliance with safety requirements.



# KEY ACHIEVEMENTS



**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**

## More union autonomy in decision-making

**We found that in some instances, employers still played a role in union administration, finances and elections**

Better Work Vietnam continues to support factories in their plan to withdraw senior management staff from holding union executive positions. This prevents cases where the employer exerts control over union funds or union rules. Upholding this fundamental principle is also a stepping-stone for the industry to develop a new industrial relations framework in the workplace, in accordance with the 2019 labour code. Factories that comply with this principle also gain a comparative advantage when working with partner brands in EU, US, or Canada, as the recently concluded free trade



agreements contain labour commitments, namely the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the EU-Vietnam Free Trade Agreement (EVFTA).

All of these issues are addressed in a modular training programme on industrial relations for union and management representatives, which has been rolled out in the participating factories, with follow-ups during the advisory service. Among factories that have been with Better Work Vietnam for 8 years, non-compliance on this issue has dropped from 66% at baseline to 0% in recent assessments.

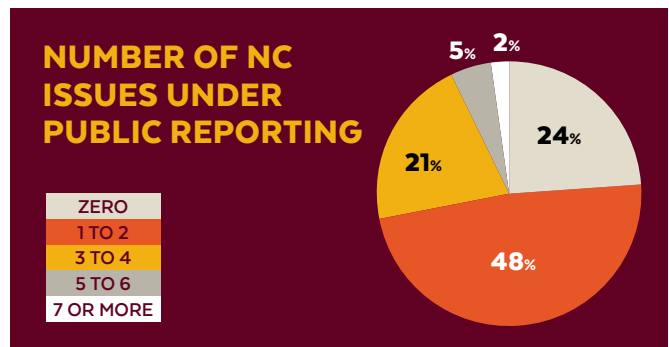


**OCCUPATIONAL SAFETY & HEALTH**

## Transparency triggers progress

**72% of factories have two or less publicly reported violations, most of which are OSH-related**

Most of the achievements today can be linked back to the non-compliance data published on the transparency portal since April 2017. Public disclosure of factories' compliance situation is associated with increased improvements on the ground, according to the discussion paper "Firm Compliance and Public Disclosure in Vietnam," published in September 2019. The [research](#) concluded that both participation in the Better Work Vietnam programme and open data lead to better non-compliance rates. With this initiative, data becomes accessible to stakeholders in all



countries, and publicly disclosing non-compliance findings encourages businesses and public authorities to make improvements. It is also beneficial for brands, who reward more compliant factories with repeated or high-value orders.

As of 31 December 2019, Better Work Vietnam has disclosed data on 26 public reporting issues required by national labour laws and international core labour standards for a total of 316 factories who have been with our programme for two years and more. 72% of factories have two or fewer publicly reported violations, most of which relate to OSH.



## COMPENSATION

# 16

**percentage points was the decrease in non-compliance on PAYROLL RECORDS**

**For those factories that have been with us for eight years, rates on this issue dropped from 29% to 13%**

Maintaining more than one payment and working time record has been a major and complex challenge for supply chain partners to resolve, as this poses risks to the integrity of the factory's management system, and is generally viewed as a critical issue by brands. Over recent years, Better Work Vietnam has observed a clear trend that factories are becoming more transparent about their practices. For those factories that have been with Better Work Vietnam from the outset, non-compliance rates on this issue dropped from 29% to 13%. Lower non-compliance rates on this issue reflect the hard work of enterprise advisors with factories, as well as their engagement with business partners.

## SUSTAINABLE IMPACT



### Promoting gender equality

**We took three concrete steps to address sexual harassment**

In Vietnam, garment factories registered with Better Work cover just over 600,000 workers – almost 80% are women. Gender-based violence and harassment in the workplace is not a new phenomenon, although cases often go unreported. In June 2019, the ILO conference adopted a Convention that for the first time deals with violence and harassment in the workplace. The revised Vietnamese labour code of 2019 also provides guidelines, including a clear definition of sexual harassment, a broadened concept of “workplace”, in addition to a legal obligation for the employer to prevent sexual harassment and disciplinary measures for perpetrators. Better Work Vietnam took steps to address this issue across their supply chains:

- ◆ Introduced the Prevention of Sexual Harassment (POSH) programme, which was well-received by participants. In collaboration with an international brand, we conducted POSH workshops with management, factory staff and union representatives and put in place POSH policies and procedures in over 80 factories.
- ◆ The buyers forum hosted a panel with CARE, Marie Stopes and the IFC to share their experiences of improving women's health and lives and increasing factory productivity in the clothing and footwear industry.
- ◆ A series of industry seminars on healthcare for pregnant and nursing workers were organised for factories in the programme to share best practices and prevent discrimination against female workers.

# TACKLING CHALLENGES

## Targeted solutions to address OSH issues

Despite improvements in the reporting period, compliance with legal requirements for proper fire detection and alarm systems, overtime limits, and safety and health remain challenges for the industry. In an effort to identify the root causes of these issues, we have offered our advisory services and seminars as a way to create awareness and provide solutions to address the problems.



### FIRE DETECTION AND ALARM SYSTEM

# 31%

**of assessed workplaces did not have a functioning FIRE DETECTION AND ALARM SYSTEM**

**To reduce this rate factories will need to focus on frequent maintenance**

Inadequate fire detection and alarm systems are key non-compliance challenges for factories. In 2019, Better Work Vietnam observed a growing awareness of this problem, following a concerted focus on this issue through the programme's advisory, training and industry seminar series. While most of the factories have installed an approved fire detection and alarm system, many have not regularly inspected and maintained the system. As a result, when tested on the assessment days, the system did not function properly. In order to bring non-compliance rates down further, factories will need to focus on more frequent and diligent checks and maintenance to ensure continuous functionality



### MEDICAL FACILITIES

# 50%

**of the factories assessed did not have sufficient ON-SITE MEDICAL FACILITIES OR STAFF**

**One of the main challenges is having qualified medical staff at the factories**

The presence of on-site medical facilities is crucial for any factory with an involved workforce. Under Vietnamese law, depending on the size of the factory, there must be a dedicated medical staff on the premises during work hours. For example, the law requires one doctor if a factory employs over 300 workers, or a licensed medical facility if it employs 1,000 workers or more. During overtime hours, it is even more of a challenge to have a medical staff present at the factory premise. For such situations, enterprises are encouraged to partner with nearby hospitals. One of the main reasons for non-compliance is the requirement that medical staff have high qualifications and professional knowledge.



## GROUND REPORT

## Investing in OSH management systems for business sustainability

### Jasan factory halved non-compliance

OSH management systems in clothing factories can have significant impacts on the business revenue and employer output. Jasan Socks Vietnam Co. Ltd., a factory located in Hai Phong province, with a manufacturing business focused on knitted and crocheted apparel, joined our programme in April 2018 after struggling to promote an effective management system on the premises. Jasan did not recruit a full-time OSH officer and all activities on this topic were carried out by another member of staff who was not involved full-time. As a result, many employees were under-trained in workplace safety, putting them at greater risk of injury. Through advisory sessions with Better Work Vietnam and enterprise advisors, Jasan gradually built a new OSH management system with a proper council, including full-time qualified staff. This new council has shown some promising results in improving working conditions, which is positively correlated with worker productivity. Due to the programme, non-compliance dropped from 29 issues in 2018 (first year of the factory joining the programme) to 17 in 2019.

***In 2020, we aim to provide more OSH training not only for the staff in charge of this topic, but also for the OSH Collaborator network to promote awareness and encourage good health and safety attitudes and practices in the factory.”***

***Phuong Tran, Jasan Head of Human Resources & Administration***



“Since becoming a PICC member, it has been much easier to propose some OSH improvement suggestions to the management Board and then implement them in the factory,” said Phuong Dao, Jasan Compliance Officer and a Performance Improvement Consultative Committee (PICC) member.

“The action plans are made in consultation with (the) management team and worker representatives. In this way workers feel listened to and they are aware of their own safety and health in the workplace,” added Phuong Dao.

The introduction of a good safety and health management system is vital not only in improving the workplace environment for employees but also for enhancing business productivity.

### RESULTS SEEN

- ◆ Non-compliance dropped from 29 issues in 2018 (first year of the factory joining the programme) to 17 in 2019, with less than five repeated non-compliances in OSH repeated between both years.
- ◆ Establishment of an OSH Council, which includes a full-time OSH Officer, OSH collaborator network and members of the PICC.
- ◆ Development of an effective work strategy that encourages cross-checking sessions and active sharing of information through online platform among team members.

Initiated by the Better Work programme, a Performance Improvement Consultative Committee (PICC) comprises an equal number of management and worker representatives and promotes bipartite dialogues to reach a mutual consensus.

# SPOTLIGHT



## Celebrating 10 years in Vietnam

Increase profitability and productivity are some benefits of factories that joined our programme in the decade

Our tripartite partners – the MoLISA, VCCI, and VGCL – have extended their support throughout the ten years history of the programme. As the industry has developed over the past decade, Better Work Vietnam has supported garment and textile factories to improve profitability, competitiveness and working conditions. In the next decade of operation, it is crucial for Better Work Vietnam to continue its work in a more sustainable way in an effort to help create more and better jobs in this fast-growing industry.

### KEY IMPROVEMENTS

- ◆ Minimum wages have nearly tripled since 2011, and almost all of the factories in the programme have paid workers equal or higher than the minimum wage.
- ◆ Strengthened social dialogue through the introduction of worker-management committees. In 2012, this initiative was designed after the labour code made bipartite dialogue mandatory.
- ◆ The average factory enrolled in the programme experienced an increase in profitability of 25% after four years.
- ◆ Factories that invest in supervisory skill training for female supervisors have seen productivity increase by 22%.

### SIGNIFICANT ACHIEVEMENTS IN A SAMPLE OF 50 FACTORIES WORKING WITH US OVER EIGHT YEARS

- ◆ We have trained workers and managers on the importance of workers' representation. **Management interference in union decision-making processes has dropped from 74% to 4%.**
- ◆ Factories with a longer-term engagement with our team and with close partnerships with brands have seen a significant **decrease non-compliance rates in violations of overtime limits from 92% to 67%.**
- ◆ We have supported factories enrolling their eligible workers into compulsory social insurance schemes, allowing entitlement to maternity leave, sick leave, and unemployment benefits. **Non-compliance with social insurance schemes decreased from 18% to 6%.**

2009  
2019

### NUMBER OF PARTICIPATING FACTORIES

49

363



# SPOTLIGHT

## SUSTAINING IMPACT THROUGH BUILDING BRIDGES PROGRAMME

The 'Building Bridges' programme, an initiative which allows Better Work and its partners to create a new vision for change in the garment industry and beyond, has three tangible benefits:

- ◆ The programme has created a forum for tripartite officials, who are representatives from central and provincial DOLISA, labour federations, and employers' associations to join together to discuss shared interests.
- ◆ The programme has given participants practical tools related to facilitation, communication, negotiation, problem-solving, teamwork and action plans.
- ◆ Participants now have a deeper understanding of the Better Work approach and how it helps Vietnam be more competitive in the global market.

### NUMBER OF WORKERS COVERED

58,000

606,597

### EXPORTS WORTH *(in US\$ billions)*

9.1

39

### MINIMUM WAGE GROWTH *(in VND thousands)*

720 (US\$ 30)

3,515 (US\$ 150,40)

# THE WAY FORWARD



## Expanding responsible practices

In addition to improving labour conditions, our focus in 2020 will be on collaborating with public and private sector partners nationally to scale-up our reach, similar to past efforts related to public reporting, protocols for zero tolerance issues, supporting high performing factories, persistently non-compliant factories and 'Building Bridges' academies. It is imperative to use our expertise and knowledge to emphasise creating and sustaining robust relationships that make responsible practices a regular feature in all Better Work Vietnam factories. Based on dialogue and labour compliance, we will also support our clients and national stakeholders to overcome the aftermath of COVID-19.



### GOVERNMENT

Our collaboration with government bodies has helped to **CREATE A THRIVING ENVIRONMENT** for sustainable change. We will continue to work with our national partners to explore opportunities to expand our impact, especially after the new legal framework related to labour laws comes into place.



### FACTORY MANAGERS

With a growing group of factories demonstrating their commitment to success and improvement, we look forward to better worker-manager relations. In the past, garment workers highlighted issues and problems through grievance mechanisms at the workplace. Our aim will be to help all parties continue this practice to **BUILD A BETTER WORKPLACE.**



## EMPLOYERS' ASSOCIATIONS

Better Work Vietnam has been working closely with employers' associations to gather input for MoLISA on labour law developments, supporting labour law implementation, **SHARING BEST PRACTICES** and building up a community of responsible businesses.



## LOCAL UNION

We will work with local unions to strengthen workers' capacity and ensure the implementation of the new industrial relation framework. We will liaise with workers to identify ways to boost their skills so that they can engage in productive discussions and negotiations with employers. This will **IMPROVE COMMUNICATION AMONG WORKERS AND MANAGEMENT.**



## LOCAL DONORS

In order to accelerate improvements in working conditions and business competitiveness in participating factories, we will work together with donors to **BUILD SUSTAINED PARTNERSHIPS** and organise awareness programmes and initiatives that help reach long-term goals, especially on issues related to occupational safety and health and gender equality.



## GLOBAL PARTNERS

Through our multi-stakeholder buyers' forums, we will bring together representatives from international brands to share experiences, **DISCUSS INDUSTRY CHALLENGES AND DEEPEN SUPPORT** for improvements to factories and supply chain transparency, which will benefit factories, workers and brands. This will enhance overall programme sustainability through reforms to the organisational model.

## STRENGTHENING SOCIAL DIALOGUE IN RESPONDING TO COVID-19

The garment industry in Vietnam has been profoundly affected by the Coronavirus pandemic due to its dependence on China and Korea (for raw materials) and the US, EU (for export). According to the Vietnam Textile and Garment Association (VITAS), the sector export revenue in the first four months of 2020 has dropped by 6.6%. The most significant risk of decreasing demand still lies ahead, resulting from shrinking business operations and layoffs.

A quick survey among around our 300 participating factories in early April 2020 showed that 71% have delivery deadlines postponed, reduced cut-off orders; 41% have planned to reduce working hours, arrange unpaid leave. In particular, 10% have decided to temporarily close their operations in a period ranging from a few weeks to 3 months. It is expected that the garment industry will continue to struggle further in the second quarter of 2020.

In consultation with the Labour Inspectorate of MoLISA, Better Work Vietnam has developed two guides related to COVID-19. The content includes COVID-19 prevention policies and procedures, risk communication, developing business continuity plans, and negotiating labour plans in the context of shrinking business. They aim to strengthen social dialogue and labour compliance over this challenging time.

We have also been active in making our core service delivery more agile and relevant to our clients. This includes virtual factory visits, industry seminars, online training sessions, and developing guidelines and best practices to strengthen industrial relations and labour compliance. We have also joined forces with our global team and ILO Country Office to assess the situation and support tripartite partners. We are working with international brands, intermediaries and factories to mitigate risks to supply chain partnerships and strengthen workers' social security.

Check all non-compliance and compliance issues in our Transparency Portal here: [portal.betterwork.org/transparency](https://portal.betterwork.org/transparency)

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