Monitoring summary report for LOTUS CHEMICAL TECHNOLOGY CO., LTD amfo

MONITORING ID: 23-0188175



Monitored Party amfori ID Address

LOTUS CHEMICAL TECHNOLOGY 704-000919-000

CO., LTD

1074/3 Tinh Lo 10 Street, Tan Tao Ward, Binh Tan District,, Ho Chi Minh, Ho Chi Minh, Vietnam

Submission Date

02/06/2023

Monitoring Activity Monitoring Type Monitoring Partner

amfori Social Audit -

Manufacturing

Full Monitoring Intertek

Monitoring Start Date Closing Meeting Finished Date

19/05/2023 02/06/2023

Expiration Date Announcement Type 02/06/2024 Fully Announced

Platform - The English version is the legally binding one.

Site Site amfori ID LOTUS CHEMICAL TECHNOLOGY 704-000919-002

CO., LTD

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OVERALL RATING



SECTION RATING

PA1: Social Management System	С	
PA 2: Workers Involvement and Protection	В	
PA 3: The Rights of Freedom of Association and Collective Bargaining	С	
PA 4: No Discrimination	A	
PA 5: Fair Remuneration	В	
PA 6: Decent Working Hours	С	

PA 7: Occupational Health and Safety	D	
PA 8: No Child Labour	Α	
PA 9: Special Protection for Young Workers	Α	
PA 10: No Precarious Employment	Α	
PA 11: No Bonded Labour	Α	
PA 12: Protection of the Environment	В	
PA 13: Ethical Business Behaviour	Α	

GENERAL DESCRIPTION

Audit summary:

Auditing firm: Intertek Vietnam Lead Auditor: Ngoc Le RA 21700496.

Team Auditor: Tran Thuy An ASCA 32200278

Auditing firm: Intertek Vietnam This was full audit. Two auditors visited the facility on May 19th, 2023. The allocated mandays for the audit were 2.0 man-days, including 0.5 man-day for report writing, providing sufficient man-days allocation as required by BSCI audit procedure. Lotus Chemical Technology Co., Ltd is located at 1074/3 Provincial Road 10, Tan Tao Ward, Binh Tan District, Ho Chi Minh City, Vietnam. Business location of Lotus Chemical Technology Co., Ltd (Business license: 0300988599-002) was established in 06 January 2017 by the Ho Chi Minh Department of Investment and Planning. The total land area is about 7800 sqm and the total building area is about 5000 sqm. In which, the main auditee has total 3 buildings:

- Building 01: Workshop 1 and workshop 2 in one block (2 floors) is used for office and production (mixing, injection, printing, cutting, finishing, packaging and finished good warehouse).
- Building 02: Workshop 3 and workshop 4 in one block (1 floor and 1 mezzanine) is used for production (sealing, grinding, packaging section).
- Building 03: Material warehouse (packaging material, carton) Beside these, there also covered their supporting areas such as: compressor area, hazardous waste storage area, medical room, canteen and security station. There was no childcare or dormitory for all employees. There was cooking area/kitchen provided at place, with an eating area provided and meals are served by canteen. The main auditee specialized in the manufacturing of plastic packaging (plastic bag). The main production processes included: incoming material, mixing, injection, printing, cutting, sealing, finishing, packaging, finishing, finished good warehouse.

A total of 79 employees were currently working at workshops, in which, there are 20 non-production employees and 59 production employees and there no migrant or foreigner working in facility. Workers were recruited directly by the factory. On the audit date, 67 employees was presented while 12 workers were absent due to taking annual leave, sick leave and security working for night shift. The normal workweek was from Monday to Saturday. The working schedule is arranged for Non-production and Production as below:

- Non-production employees work from 08:00 to 17:00, with lunch break from 12:00 13:00 with full payment.
- Production employees and internal security team with 5 employees that hired directly by the facility working in three shifts: Shift#1 from 06:00am to 14:00 and Shift#2 from 14:00 to 22:00 with 30 minutes of break arranged alternately; Shift 3 from 22:00 to 06:00 of following day with 45 minutes of break arranged alternately. The inspection section and recycling section work in 2 shifts: Shift#1 from 06:00am to 14:00 and Shift#2 from 14:00 to 22:00 with 30 minutes of break arranged alternately. Wages for workers were calculated on monthly-rated basis and paid on each 5th 10th of the following month through bank transfer with pay-slip. The legal minimum wage paid by the facility is 4,680,000 VND per month from July 1st,2022 while the facility minimum wage is VND 5,050,000 per month for all employee at probation period. After probation, the minimum wage applied is VND 5,715,000. There was no peak season in the facility as per management confirmation. The reviewed periodic of time record and attendance record including 12 months from May 2022 to April 2023, the auditors randomly selected 3 months for a detailed review including 15 samples in April 2023 (current month); 15 samples in January 2023 (sample month); and 15 samples in August 2022 (sample month) and it was noted that the workers did not work excessive overtime hour in tested months and were entitled to one day of rest in every 7-days period. The facility always respect the freedom of association of each employees. The Trade Union of Lotus Chemical Technology Co., Ltd was elected on 20th September 2019 with 05 members and valid for 5 years.

Remark: 1/ Regarding to protection of employees' health during the #COVID19 pandemic, the facility asked all employees to practice personal hygiene, including wearing masks during working at the production areas, washing hands frequently, and avoid (if possible) gathering in groups. 2/ The following documents were not uploaded to the system, as they are not applicable to the facility: Agency labor contract, Government waivers, Inconsistencies between time and production records. The building permit or final acceptance of building completion was not available for review, so no uploading. The finding is raised accordingly. All workers in this facility were hired at least 18 years old, so no young worker/child labor record is applicable. There was no confidential investigation issue in the assessment. Therefore, there was no personal information needed to be filled into the Sampled Workers part. 3/ The annual turnover was not provided due to confidential information. 4/ 7.23- Not applicable- The facility does not provide transportation means to the workers. 5/ There are no issues to be investigated regarding the list of selected workers for interview. 7.24- Not applicable- The facility does not provide housing or other facilities for the workers. 6/ #LIVINGWAGE - The basic living wage was calculated based on the template 5 (Fair Remuneration Quick scan of the Amfori BSCI manual). The living wage calculation was uploaded in the

system. All input data were estimated based on the authorized data source of region I. Living Wage is estimated following the methodology as below: (1) Estimating cost of a basic but decent living standard for a reference size family, (2) Going from cost of a basic but decent life to a net living wage, (3) Going from net living wage to gross living wage, (4) Determining prevailing wages and whether workers are paid a living wage.

SITE DETAILS

Site Site amfori ID

LOTUS CHEMICAL TECHNOLOGY 704-000919-002

CO., LTD

GICS Classification

Sector Industry Group Industry

Consumer Discretionary Consumer Durables & Apparel Household Durables

Sub Industry

Housewares & Specialties

amfori Process Classifications

Cutting (plastic)

Extrusion (single screw/ twin screw/ co-extrusion/ reactive extrusion / extrusion coating) - plastic

Finish application

Mixing

Printing

NACE Classification

Manufacture of rubber products

GS1 Classifications

Segment Camping
Family Camping
Product Class Camping Cooking/Drinking/
Eating Equipment

Water Stress Situation

This site is not located in a water stressed region

METRICS

Key Metrics

Total workforce	67 Workers
Legal minimum wage in local currency	4680000 Monthly
Lowest wage paid for regular work at the site	5050000 Monthly
Calculated living wage in local currency	4812500 Monthly
Total sample	15 Workers

Other Metrics

Male workers	49	Workers
Female workers	18	Workers
Permanent workers - Male	58	Workers
Permanent workers - Female	21	Workers
Temporary workers - Male	0	Workers
Temporary workers - Female	0	Workers
Seasonal workers - Male	0	Workers
Seasonal workers - Female	0	Workers
Management - Male	1	Workers
Management - Female	1	Workers
Apprentices - Male	0	Workers
Apprentices - Female	0	Workers
Workers on probation - Male	5	Workers
Workers on probation - Female	2	Workers
Workers with night shift - Male	38	Workers
Workers with night shift - Female	7	Workers
Workers with disabilities - Male	0	Workers
Workers with disabilities - Female	0	Workers
Domestic migrant workers - Male	0	Workers
Domestic migrant workers - Female	0	Workers
Foreign migrant workers - Male	0	Workers
Foreign migrant workers - Female	0	Workers
Workers hired directly - Male	58	Workers
Workers hired directly - Female	21	Workers
Workers hired indirectly - Male	0	Workers
Workers hired indirectly - Female	0	Workers
Unionised workers - Male	58	Workers
Unionised workers - Female	21	Workers
Workers under CBA - Male	58	Workers
Workers under CBA - Female	21	Workers
Pregnant workers	0	Workers

Workers on parental leave - Male	0 Workers
Workers on parental leave - Female	0 Workers
Minimum wage agreed on CBA in local currency	4680000 Monthly
Sample - Male	8 Workers
Sample - Female	7 Workers

FINDINGS



PA1: Social Management System

Site: LOTUS CHEMICAL TECHNOLOGY CO., LTD | Site amfori ID: 704-000919-002

ENGLISH	LOCAL LANGUAGE
Finding(s)	
In accordance with amfori BSCI Code of Conduct requirement on Supply Chain Management and Cascade Effect, "For producers that will be monitored, internal management systems are particularly encouraged as an effective way to embed the amfori BSCI Code of Conduct in their business practices."	Ghi nhận doanh nghiệp đã xây dựng hệ thống quản lý về trách nhiệm xã hội theo tiêu chuẩn BSCI. Tuy nhiên, có một số điểm chưa phù hợp do hệ thống quản lý giám sát trách nhiệm xã hội chưa hoàn chỉnh. Xin xem các phần PA tương ứng
Based on the document review and confirmation by facility management, the facility has established a social compliance management system to implement the BSCI Code of Conduct. However, there were several non-compliance issues due to insufficient monitoring of social compliance performance. Please refer to findings in relevant performance areas for more details.	
In accordance with amfori BSCI Code of Conduct requirement on Supply Chain Management and Cascade Effect, "amfori BSCI Participants acknowledge their capacity to influence social changes in their supply chains through their purchasing activities. They manage their relationships with all business partners in a responsible way and expect the same in return".	Công ty có thiết lập tiêu chuẩn để lựa chọn, đánh giá, và theo dõi các đối tác kinh doanh dựa trên các tiêu chí thực hiện trách nhiệm xã hôi. Tuy nhiên, công ty chưa tiến hành theo dõi việc thực hiện trách nhiệm xã hội của các đối tác kinh doanh theo tiêu chí của BSCI.
Based on the document review and management interview, the facility has established a selection procedure for business partners that is based on social performance. However, the facility did not monitor the implementation of social performance requirements for all their suppliers, based on BSCI requirements.	



PA 2: Workers Involvement and Protection

ENGLISH	LOCAL LANGUAGE
Finding(s)	
In accordance with amfori BSCI Code of Conduct	Ghi nhận nhà máy đã thiết lập các mục tiêu dài hạn

requirement on Workers Involvement and Protection, "Business enterprises should establish good management practices that involve workers and their representatives in sound information exchange on workplace issues, and allow for appropriate measures for protecting workers in line with the aspirations of the amfori BSCI Code of Conduct. Business enterprises should take specific steps to make workers aware of their rights and responsibilities".

Based on document review and facility management confirmation, it was noted that the facility has established long-term goals to protect employees in line with the aspirations of the BSCI Code of Conduct. However, the long-term goals do not specify critical issues or provide specific methods and steps to achieve the objectives.

để bảo vệ người lao động phù hợp với Bộ Quy tắc Ứng xử BSCI. Tuy nhiên, các mục tiêu dài hạn không chỉ ra mục tiêu nào là quan trọng, các phương pháp và các bước cụ thể để đạt được các muc tiêu đó.

In accordance with amfori BSCI Code of Conduct requirement on Workers Involvement and Protection, "Business enterprises should establish or participate in effective operational-level grievance mechanisms for individuals and communities who may be adversely impacted. Even where judicial systems are effective and well-resourced, grievance mechanisms may offer particular advantages such as speed of access and remediation, reduced costs and transnational reach."

As per document review and facility management confirmation, the facility has established written procedure of grievance mechanism with suggestion box, and other alternative ways for lodging complaints such as hotline on March 28, 2022. However, the facility did not have regular survey on the grievance procedure to see satisfaction among the users and not maintained the grievance records for review.

Công ty có thiết lập quy trình xử lý khiếu nại thông qua họp thư góp ý và đa dạng các kênh để thu thập ý kiến phản hồi từ công nhân như đường dây nóng. Tuy nhiên, công ty chưa có đo lường mức độ hài lòng của công nhân về qui trình khiếu kiện và lưu giữ hồ sơ khiếu nại cho xem



PA 3: The Rights of Freedom of Association and Collective Bargaining

ENGLISH	LOCAL LANGUAGE
Finding(s)	
In accordance with Vietnam Labor Code, No. 45/ 2019/QH14, dated 20 November 2019, Article 77	Nhà máy đã thiết lập thoả ước lao động tập thể. Tuy nhiên chưa có bằng chứng thể hiện thoả ước

effective Jan 1, 2021: Within 10 days from the days of signing, one of Collective Bargaining Agreement should be sent by the employer for registration to the labor authority agency of the province or the city where the facility is located.

Based on document review and management confirmation, it was noted that the facility has established Collective Bargaining Agreement (CBA) on April 24, 2023. However, there was no evidence to show that the CBA was approved by Local Authority.

được phê duyệt bởi cơ quan chức năng.



PA 5: Fair Remuneration

ENGLISH	LOCAL LANGUAGE
Finding(s)	
In accordance with amfori BSCI Code of Conduct requirement on Fair Remuneration, "Business partners observe this principle when they respect the right of the workers to receive fair remuneration that is sufficient to provide them with a decent living for themselves and their families, as well as the social benefits legally granted, without prejudice to the specific expectations set out hereunder." Based on the document review and management interview, it was noted that the facility pays wages higher than the minimum wage of the region. However, the facility has not conducted a survey or calculated the basic need wage that would allow employees to maintain a decent standard of living in the region.	Ghi nhận doanh nghiệp đảm bảo trả lương trên mức lương tối thiểu vùng. Tuy nhiên, doanh nghiệp chưa tính toán mức lương nhằm giúp một gia đình có thể sống đủ tại địa phương.
Vietnam Labor Code, No. 45/2019/QH14, Article 114. Increased annual leave by work seniority, The annual leave of an employee as prescribed in Clause 1 Article 113 (Annual leave) of this Code shall increase by 01 day for every 05 years of employment with the same employer. Based on employee interviews, document review, and management confirmation, it was noted that the facility provides holidays and sick leave for employees as required by law. However, 03 out of the 15 sampled employees did not receive an increase of one day of annual leave for every five	Ghi nhận 03/15 mẫu công nhân không được tăng thêm một ngày phép năm cho mỗi 5 năm làm việc.

years of employment. These employees started working in 2015, 2016, and 2017 and are still entitled to only 12 days of annual leave.



PA 6: Decent Working Hours

Site: LOTUS CHEMICAL TECHNOLOGY CO., LTD | Site amfori ID: 704-000919-002

ENGLISH	LOCAL LANGUAGE
Finding(s)	
Vietnam Labor Code, No. 45/2019/QH14, Article 98. Overtime pay, night work pay 1. An employee who works overtime will be paid an amount based on the piece rate or actual salary as follows: a) On normal days: at least 150%; b) On weekly days off: at least 200%; c) During public holidays, paid leave, at least 300%, not including the daily salary during the public holidays or paid leave for employees receiving daily salaries. 2. An employee who works at night will be paid an additional amount of at least 30% of the normal salary. 3. An employee who works overtime at night will be paid, in addition to the salary specified in Clause 1 and Clause 2 of this Article, an amount of at least 20% of the day work salary of a normal day, weekend or public holiday. Based on document review and facility management confirmation, it was noted that the facility paid additional 200% instead of 300% of salary for 6 hours (from 00:00 to 6:00) on the holiday (January 01, 2023) for 02 out of 15 sampled employees who working in January 2023.	Ghi nhận nhà máy trả thêm 200% thay vì 300% lương cho 6 tiếng (từ 00:00 đến 6:00) vào ngày lễ (01/01/2023) cho 02/15 công nhân làm việc vào tháng 1/2023



PA 7: Occupational Health and Safety

ENGLISH	LOCAL LANGUAGE
Finding(s)	
In accordance with amfori BSCI Code of Conduct requirement on Occupational Health and Safety, "The active co-operation between management and workers, and/or their representatives is essential in order to develop and implement	Ghi nhận rằng nhà máy chưa có cung cấp bằng chứng thoả đáng cho thấy sự hợp tác giữa ban quản lý và công nhân hay đại diện người công nhân khi thực hiện việc xây dựng hệ thống quản lý rủi ro ATVS lao động của nhà máy.

systems towards ensuring a safe and healthy work environment. This may be achieved through the establishment of Occupational Health and Safety Committees."

Based on the document review and management interview, it was noted that the facility did not provide any satisfactory evidence of active cooperation between management and workers (or their representatives) when developing and implementing a system to ensure effective OHS risk management. However, for other practices related to deploying and developing the OHS system, it was noted that all employees and management showed effective cooperation.

Decree No. 136/2020/ND-CP on providing guidelines for a number of articles of law on fire prevention and fighting and law on amendments to law on fire prevention and fighting, Article 33. Training and refresher courses on fire prevention and fighting operations, 3. Duration of training and refresher courses on fire prevention and fighting operations

a) Duration of first training and refresher courses: from 16 to 24 hours for the persons (Firefighting commander; fire brigade; persons working in fires and explosion hazard; drivers and crewmembers of motor passengers vehicles with more than 29 seats and motor vehicles transporting goods posing fire or explosion hazard and; persons in charge of fire prevention and fighting in facilities included in the list in Appendix IV; forest fire fighting forces) and from 32 to 48 hours for the specialized firefighting forces. b) Duration of retraining for reissuance of an expired certificate of training in fire prevention and fighting operations: 32 hours for specialized firefighting forces and at least 16 hours for the persons remaining above (point a). c) Duration of annual refresher courses: at least 16 hours for specialized firefighting forces and at least 08 hours for the persons remaining above (point a).

Based on employee interviews, document review, and management confirmation, it was noted that the facility has not provided annual firefighting training to 25 members of the firefighting team in 2022. The most recent training was conducted in November 2021.

Law on occupational safety and hygiene (Law No.

Ghi nhận nhà máy chưa cung cấp đào tạo định kì hằng năm cho 25 người đội PCCC. Lần cuối cùng đào tạo vào tháng 11/2021.

Ghi nhận không có hàng rào hoặc biển cảnh báo

84/2015/QH13), Article 16. Responsibility of the employer for assurance of occupational safety and hygiene at the workplace, 6. There are warning, and instruction signs made in Vietnamese and popular language of employees in relation to occupational safety and hygiene for machinery, equipment, materials and substances that having strict safety and hygiene requirements at the workplace, preservation places, usage places that are placed at obvious locations.

an toàn tại các khu vực máy nén khí của cơ sở.

Based on the facility tour and facility management confirmation, it was noted that all observed machines were equipped with safety guards. However, it was observed that there were no fences or safety warning signs in the air compressor areas of the facility.

Law on Construction (Law No. 50/2014/QH13),

Article 89. Works subject to, and types of,
construction permits. 1. Before starting construction
of works, project owners shall obtain construction
permits granted by competent state agencies in

Article 89. Works subject to, and types of, construction permits. 1. Before starting construction of works, project owners shall obtain construction permits granted by competent state agencies in accordance with this Law. 3. Construction permits include: a/ New construction permit; b/ Repair and renovation permit; c/ Relocation permit. Article 123. Pre-acceptance test of construction works, 2. Completed work items or construction works may only be put into operation or use after their preacceptance test results show that they meet requirements of construction designs, applied standards and technical regulations and regulations on the management and use of building materials and their pre-acceptance tests are conducted in accordance with this Law. 3. Project owners shall organize the pre-acceptance test of construction works. Organizations and individuals participating in pre-acceptance test of construction works shall take responsibility for products they have certified when conducting the pre- acceptance test.

Based on a facility tour and confirmation from facility management, it was noted that the facility's buildings were in good condition and no cracking was observed. However, the building construction permit or final acceptance of building completion was not available for review. The management explained that it was lost by resigned employees.

Clause 8 of the Law on Fire Protection No. 40/ 2013/QH13 amending Article 13 of the Law on Fire Ghi nhận 01 trên 01 nút nhấn chuông báo cháy ở khu vực kho nguyên liệu bị chắn một phần bởi bao

Prevention and Fighting No. 27/2001/QH10: Prohibited acts: 7. Appropriating, destroying, damaging, arbitrarily changing, moving, obscure means, fire prevention and fighting equipment, signs and signboards; obstruct the escape route. Vietnam Standard TCVN 2622:1995 on Fire prevention and protection for buildings and structure - Design requirements, point 7.1: Emergency exits must ensure that everyone in a room, building can safely escape, not being covered by smokes and dusts, within necessary time for evacuation in case of a fire happening.

During the facility tour and confirmation with facility management, it was noted that one out of one fire alarm button in the materials warehouse was partially obstructed by bags of materials (plastic beads). Additionally, one out of three evacuation routes leading to the emergency exit door in the extrusion section of Production Workshop 2 were partially blocked by production machines. The materials warehouse, which is about 286 sqm, has approximately 02 employees working in it. The extrusion section, which covers an area of 2,310 sqm, has approximately 12 employees working in it.

Remark: The facility has established policies and procedures for managing firefighting, and has assigned employees who are responsible for the firefighting system in the workshop. According to interviews with workers, they have been trained on how to evacuate in emergency situations. Therefore, the finding was rated as "partial" and the ZT was not triggered.

Law on occupational safety and hygiene (Law No. 84/2015/QH13), Article 16. Responsibility of the employer for assurance of occupational safety and hygiene at the workplace, 1. The workplace is required to meet requirements pertaining to space, clearance, dust, steam, noxious gases, radioactivity, electromagnetic field, heat, moisture, noise, vibration, and other dangerous or harmful factors as prescribed in relevant technical standards and they are regularly inspected and measured; there are enough bathrooms and restrooms suitable for the workplace as prescribed by the Minister of Health. 4. Annually or when necessary, dangerous or harmful factors at the

hạt nhựa. Thêm vào đó, 01/03 lối thoát hiểm dẫn ra cửa thoát hiểm ở khu vực thổi bị che chắn một phần bởi máy móc.

Ghi nhận nhà máy chưa đo kiểm môi trường lao động trong 12 tháng qua.

workplace must be inspected and assessed to carry out technical measures for elimination or reduction in dangerous or harmful factors at the workplace, improvement of working condition and healthcare for employees.

Based on document review and facility management confirmation, it was noted that the working condition inspection has not been conducted in the last 12 months. The latest inspection was conducted on March 25, 2022 with satisfactory results.



PA 12: Protection of the Environment

ENGLISH	LOCAL LANGUAGE
Finding(s)	
Law on environmental protection 72/2020/QH14, Article 31. Carrying out environmental impact assessment (EIA), 1. The EIA shall be conducted by the investment project owner or a qualified consultancy. The EIA shall be conducted together with preparing the feasibility study report or equivalent document. 2. The EIA result shall be presented in an environmental impact assessment report. 3. An environmental impact assessment report is prepared for each investment project. As per document review and facility management confirmation, it was noted that there is no environment protection commitment or environment impact assessment project provided for review.	Ghi nhận đánh giá tác động môi trường hoặc Cam kết bảo vệ môi trường của nhà máy không thể cung cấp được cho xem.