

**MINISTRY OF INDUSTRY AND TRADE (MOIT)**  
**Department of Energy Efficiency and Sustainable Development (DEED)**



**VETNAM'S DECARBONIZATION AND ENERGY TRANSITION**  
**(V-DET) (P176226)**

**LABOR MANAGEMENT PROCEDURES (LMP)**

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# **1. INTRODUCTION AND CONTEXT**

## **1.1 *Country context***

Vietnam's economic growth has been coupled with increasing electricity demand as well as increasing the energy intensity of Gross Domestic Product (GDP). Industrial growth has been identified as one of the key drivers of increasing electricity demand and energy intensity in Vietnam and it accounts for almost half of the final energy consumption of the country. The strategy, built on the 2016–2020 Socioeconomic Development Plan and the National Strategy on Environmental Protection and the National Green Growth Strategy, includes actions to respond to climate change, and environmental protection with the aim of transitioning to a low-carbon, green economy. In its updated Nationally Determined Contribution (NDC) submitted to the United Nations Framework Convention on Climate Change (UNFCCC) in July 2020, the GoV commits to reduce 9 percent of greenhouse gas (GHG) emissions by 2030 compared to the business-as-usual (BAU) scenario and aims for further reduction of 27 percent with support from the international community

As per the draft National Green Growth Strategy for the period 2021-2030, vision to 2050, the target is to reduce the intensity of GHG emissions by 10-15 percent compared to 2014 and to increase the proportion of renewable energy in the total primary energy supply to 15-20 percent in 2030. It is estimated that by 2025, the energy intensity will be 40 percent higher than the current use rate. Over the past decade Vietnam's carbon dioxide (CO<sub>2</sub>) emissions tripled, growing at the fastest rate in the region. But the reduction of energy intensity is very much achievable without compromising growth in Vietnam if it goes on decarbonization and energy transition pathway like other leading countries have done.

Looking ahead, emissions from Vietnam's growth model are expected to increase dramatically by 2030. Over the past 25 years, extreme weather events have resulted in 0.4 to 1.7 percent of GDP loss. It is estimated by 2050, a 1–3 percent loss in real GDP is predicted from climate change impacts. Besides the global impacts of these rising emissions, a high carbon content of manufacturing products could jeopardize Vietnam's rising manufacturing exports, if major importers such as the European Union introduce border tax adjustments based on embedded emissions.

## **1.2 *Sectoral and Institutional Context***

Like most other countries, Vietnam's industry is also more energy intensive than the other sectors. However, when comparing the same industry such as iron and steel, Vietnam's iron and steel (I&S) plants use twice as much energy as similar plants around the world to produce the same amount of steel. The high energy intensity in the steel, cement and textile sectors is due to their relatively old technologies. Investing in energy

efficiency (EE) in these industrial sectors would not only improve the competitiveness of the sector but also reduce CO<sub>2</sub> emissions.

Decoupling economic growth from energy demand growth offers a significant opportunity to increase economic competitiveness. Vietnam's energy demand has been growing in tandem with its economic growth rate. Decoupling growth in energy demand from economic growth—that is, reducing their correlation—would lead to lower energy costs per unit of output and thus make Vietnamese products more competitive. The combined energy-efficiency and clean-technology impacts from the demand side can lead to 19.3 percent of grid electricity demand reductions during 2015–30, which could come from I&S, cement, fertilizer, and pulp and paper industries. Industrial EE reduces both electricity and fossil fuel consumption thus leading to decarbonization. Therefore, Vietnam needs to act early to avoid investment in technology and infrastructure that will “lock in” carbon-intensive economic structures. Positive spillover effects from low carbon development (LCD) pathways are expected in terms of economic growth, productivity and avoided health costs.

As per the MOIT-World Bank report (2019)—“Vietnam—Getting on a Low-Carbon Energy Path to Achieve NDC Target”, the final energy consumption (FEC) in the industrial sector could be reduced by 7.4 percent under the EE and RE policies scenario. The I&S, Cement, Food and Tobacco, and Textiles and Leather sub-sectors could provide the largest FEC reductions by 2030. As shown in Table 1, the a) EE and RE Policies, b) NDC-25% and c) NDC-30% scenarios would reduce total the FEC by about 4.4 million Tons of Oil Equivalent (Mtoe), 5.8 Mtoe and 7.2 Mtoe below BAU by 2030 respectively.

The project proposal builds upon the previous studies and data collected to identify different industries where low carbon and energy efficient technologies can lead to lowering of energy intensity, improving production efficiency and overall environmental and climate gains towards government's policies and targets.

Enabling policies and regulations would be equally important for adoption of innovative technologies to reduce carbon emissions and energy intensity. The Ministry of Industry and Trade (MOIT) has issued a series of regulations such as reporting of energy consumption data by the Designated Energy Users (DEUs) once every three years (directly to the MOIT) and reporting of compliance of specific energy consumption (SEC) by the industrial enterprises from key energy intensive sectors on an annual basis.

By realizing the importance of the industrial EE sector in supporting Vietnam's shift towards a decarbonized development path and the critical period in which Vietnam finds itself with respect to its NDC, Carbon Partnership Facility (CPF), a result based carbon finance fund to which the World Bank (WB) is the Trustee, supported developing a carbon crediting program in parallel to the implementation of Vietnam Energy Efficiency for Industrial Enterprises (VEEIE). This carbon program was endorsed in June 2016 but was dropped in December 2019 due to reasons including lack of sector data and monitoring,

reporting and verification (MRV) system, under-performed scale of market adoption on EE technologies and etc. In consultation with the GoV, both the Trustee and the GoV believe that a Technical Assistance (TA) program aimed at supporting Vietnam's transition to adopting sectoral crediting and exploring options for linking the market-based sectoral crediting program with its NDC would be a more effective means of support and engagement. This TA program is envisioned to build sector readiness and pave a way for a US\$30-50 million result-based climate/carbon finance program to be supported by the Transformative Carbon Asset Facility (TCAF).

The proposed TA will complement what has been planned under the Pillar two "Demand Side Decarbonization" of Vietnam Low Carbon Infrastructure Development(P176851) Programmatic ASA (LCID P-ASA). LCID P-ASA aims at evaluating low carbon infrastructure development pathways and support related policy reforms in Vietnam and informing design and implementation of innovative solutions to reduce GHG emissions. It consists of three development pillars including Pillar 1, Clean Energy Transition, Pillar 2, Demand Side Decarbonization, and Pillar 3, Clean Transport Transition.

## **2. ABOUT PROJECT**

### ***2.1 Proposed Development Objectives***

To support decarbonization and energy transition in selected industrial sectors in Vietnam thereby contributing to the country's green growth and climate goals (NDC).

### ***2.2 Project Description***

**The Project aims to scale up ongoing green growth efforts and support low carbon transition of industrial sector through deeper analysis on selected industries and development of decarbonization roadmaps in the industries.** This would include developing innovative technologies roadmap, strengthening their existing green growth action plans, and promoting low carbon and innovative technologies. In addition to suitable low carbon technologies, pollution abatement measures will also be explored, such as installing end-of-pipe equipment for particulate removal, denitrification, and desulfurization or dust reduction technologies (cement sector), complementary to the reduction realized by RE, EE and circular economy (CE) measures. The activity will also support the development of potential project pipeline and improving investment readiness to promote decarbonization in the industrial sector as there has been emphasized on green recovery post COVID-19.

**The Project builds upon previous analytical work and will add value to the ongoing Vietnam Scaling Up Energy Efficiency (VSUEE) and Vietnam Energy Efficiency for Industrial Enterprises (VEEIE) projects through a better understanding of innovative and low carbon technologies.** This will ensure effective coordination between the proposed decarbonization project and ongoing EE projects so

that some of the learnings and knowledge vis-a-vis innovative technologies could be easily implemented on the ground. The EE financial products and support under VSUEE and VEEIE are one of the first-of-its-kinds being offered in Vietnam with learning curve in terms of capacity building, awareness raising, and technology options. While learning from these ongoing projects, the TA will also focus on knowledge creation and capacity building of different stakeholders to ensure future sustainability of the low carbon transition efforts in Vietnam.

**The technical support to close some of the readiness gaps for piloting sectoral carbon crediting in Vietnam's industrial EE sector will pave the way for creating enabling environment/technical infrastructure in adopting sectoral carbon crediting.** This will also help examine the key elements of the viability of sectoral crediting in promoting industrial EE and building capacity within Vietnam to deliver and transfer mitigation outcomes with other Parties under the Paris Agreement, as well as to access international climate/carbon finance.

**The Project has three components: (i) Promoting and piloting innovative and low carbon technologies; (ii) Knowledge products and capacity building; and (iii) Improvement of readiness for sectoral carbon crediting in selected sectors.** The components details are provided below:

**Component 1: Promoting and piloting innovative and low carbon technologies, including CE approach in the energy intensive industrial sectors (US\$2.5 million).** The main objective of the project is to promote and pilot decarbonization through an innovative and low carbon technologies roadmap in selected industries, for example cement, steel and chemical industries. The selected industries would be determined based on broad criteria, such as energy intensity and carbon emission and the potential gains based on the adoption of low carbon and innovative technologies, along with EE, RE, and CE efforts. The detailed selection criteria would be developed in coordination with the government during implementation to match selected industries with the government's priorities. However, the emphasis would be on Technology Readiness Level (TRL) 5 and above, and innovative and low carbon technologies that are currently not viably deployed in Vietnam's industrial sector. The example technologies would include using electricity for industrial processes as opposed to other fuels (no new transmission lines or related infrastructure is planned under this component), application of heat pumps, hydrogen production and application, carbon capture and use in industrial processes, etc. There will be a parallel effort to share knowledge generated under this component with VSUEE and VEEIE projects focusing on EE and CO<sub>2</sub> reduction currently under implementation in Vietnam. The resource efficiency would also be explored through analyzing CE approaches in selected industries. The design of innovative and low carbon technologies pilot would be based on the deep dive in few selected industries based on successful examples of innovative

technologies and CE adoption in other countries still not implemented or commercialized in Vietnam. The project will seek synergy with and build on existing initiatives by ESMAP and Finance, Competitiveness and Innovation (FCI) such as Industrial Decarbonization Program and Global Eco-Industrial Parks Technology Mapping Platform. Employment creation and the gender gap improvement which are part of the Industrial Decarbonization Program will be incorporated into the pilot design as its co-benefits.

**The key activities under this component will include the following:** Các hoạt động chính trong hợp phần này sẽ bao gồm:

(1) **Policy analysis of industrial and energy sectors:** This will help assessment of strengths and weaknesses of current policies and regulations to support decarbonization and green energy transition through innovative and low carbon technologies and how these can be further improved. This would be for the industrial sector in general as well as specific subsectors identified for deep dive analysis. The identification of policy and regulatory barriers and their implication on technology adoption would help in defining support to the MOIT on transition to energy efficient and low carbon industrial sector. This activity could lead to recommendation on policy and regulatory framework (circular) to promote development and investment in low carbon and innovative technologies and industrial efficiency measures. This task would rely on desk research, case studies, stakeholder engagement and other tools as necessary.

(2) **Decarbonization roadmap and pilot implementation plan:** This will be developed collaboratively with the respective industries, MOIT and relevant government departments. These roadmap(s) will provide details on sector specific (cement, steel, chemicals, etc.) innovative and low carbon technologies commercially available in the market along with financial viability and benefits in terms of improving energy and resources efficiency. The carbon emission reduction will also be explored along with potential improvement in the air and water quality as a co-benefit. Based on the initial discussion with the MOIT, the innovative pilot design would likely include industries where some initial baseline work has been undertaken vis-à-vis energy and carbon savings potentials. The aim would be to come up with the low carbon and innovative technology roadmap for selected industries, including financial and capacity needs to transfer knowledge into impactful decarbonization plan.

- i. Setting baseline for decarbonization and CE potential based on the data and analysis on energy consumption, raw materials, current technologies, carbon emission, and others for selected industries such as cement, steel and chemical;
- ii. Review and analysis of decarbonization and CE potential through technology adoption, EE measure and RE inclusion along with financial

viability and technical capabilities (capacity building and skills development needs). This would also include high tech and green jobs potential;

- iii. International experiences and best practices in decarbonization innovations and technologies in other countries (similar industries) with potential for adoption in Vietnam;
- iv. Designing innovative technology pilot(s) based on the knowledge generated under this TA and other existing studies.

(3) **Potential project pipeline and investment opportunities** will be explored to ensure the best leverage of this work. The above activities would become a blueprint for any potential investment opportunities by public or private investors. There will be parallel efforts, such as collaboration with other development agencies/climate funds to explore additional public and private financing and exploring ways to establish and enhance credit lines for financing green transitions. Based on the key activities outlined under point 1 and 2, potential project pipeline in cement, steel and chemical industries would be explored based on technical and financial lens.

**Component 2: Knowledge products and capacity building (US\$ 0.5 million)**

The component creates an innovative technology database based on data collection, assessment and technical reports prepared under Component 1. This would support industries and other stakeholders to identify innovative technologies and measures to improve productivity while reducing energy consumption and CO<sub>2</sub> emissions. It will also assist companies in assessing and understanding the cost-effectiveness of decarbonization investment through adoption of innovative and low carbon technologies along with other EE and RE measures. The database will be hosted by the project management team at the MOIT/industry association and the additional finance would be explored for regular updates and management and potentially create digital products such as website, knowledge platform, newsletters and brochures. This would also contribute to the Global Eco-Industrial Parks Technology Mapping Platform currently under development by the Bank's FCI and ESMAP teams. This will be an add-on to the ongoing effort of MOIT to create emission database thus ensuring sustainability, regular updates and ownership. The low technical capacity and lack of skills to support decarbonization and adoption of innovative technologies was identified as one of the challenges during the preliminary assessment. The promotion, adoption and piloting of innovative and low carbon technologies would require new skillsets and technical capacity. The activities under the component will enhance adoption of innovative and low carbon technologies and support the ongoing Bank's projects, namely VSUEE and VEEIE.

**The key activities under this component will include:**

- (1). **Innovative technologies (Technology Readiness Levels 5 and above and low carbon) database for high emission industrial sectors:** This would also



include disseminating relevant information through a dedicated platform or technology hub where stakeholders can exchange practical experiences. This could also be capacity building tool with easily accessible content and knowledge that can be used by the decision makers to explore low carbon transition. This platform could also serve as a market platform to potentially facilitate resource trading that can improve resource circulation within IEs. The MOIT (Department of Energy Efficiency and Sustainable Development) is currently in the process of developing a web-based portal on EE in the industrial sector and the proposed database and platform on innovative technologies can be part of the ongoing effort and hosted by the same department. This could also include emission profile data for the identified industries thus creating a baseline and coming up with MRV formats and laying foundation for accessing climate finance for decarbonization activities.

**(2) Capacity building and skills development of different stakeholders on decarbonization:** The human resource element of the innovative technologies' adoption would be critical for piloting in Vietnam. Therefore, capacity building of different stakeholders, such as industries, ESCOs, banks (including local branches), government agencies, industrial associations, RE developers and contractors, EE centres and EE technology suppliers and other relevant stakeholders will be carried out through trainings, workshops and study tours. The capacity building and training efforts will ensure gender participation wherever possible. This would include customized trainings, workshops or study tours to match the needs such as on (i) energy auditing, (ii) identifying, appraising, and monitoring EE, RE and/or CE eligible projects or potentials in individual industrial facilities but also across different industrial sectors (iii) technical design and technologies selection, amongst others. This component will also cover training/capacity building for relevant government agencies and the industrial sector on methodologies for quantification of GHG emissions and understanding of market-based instruments.

**Component 3: Improvement of readiness for sectoral carbon crediting in selected 2-3 sub-sectors (US\$ 1.1 million).** This component will support systematic action on sectoral crediting of GHG mitigation achieved through decarbonization measures and harmonization with the NDC and build upon continued support for the MOIT to develop cost-effective mitigation pathways in support of NDC implementation. Currently, Vietnam is working towards developing the MRV systems required for the NDC compliance reporting as per Article 13 Transparency framework of the Paris Agreement. This component will build preliminary capacity within Vietnam to deliver and transfer mitigation outcomes under the Paris Agreement, as well as to access international climate finance in the long term.

**The key activities under this component will include the following:**

(1) **Improve energy performance database and MRV system readiness at both the MOIT and IE levels as needed for sectoral crediting.** This work will refer to existing energy consumption targets and database that MOIT has developed as the basis for Vietnam's EE circulars, or other relevant ongoing initiatives (like energy consumption target allocation at province level), and analyze their implication, format, suitability, and feasibility against the potential requirements in sectoral crediting and NDC implementations. This activity would lead to revise design of EE sector target planning and enforcements which can further support in meeting the NDC conditional/unconditional target allocated to EE sector.

(2) **Catalyze successful implementation of EE deployments in the selected sub-sectors by rewarding data submission by IEs in a required format.** In order to encourage the submission of energy performance data by the IEs (annual energy and GHG emissions data) to the MOIT and its associated departments, an incentive method will be developed under the activity. The MOIT and its associated departments will review and confirm the completeness and correctness of data reported by the IEs. If the data provided is acceptable and complete in all aspects, the IE would be incentivized accordingly.

(3) **Develop options to link the sector database and MRV system with Vietnam's NDC in a consistent and harmonized manner.** Under this activity, analytical work will be conducted to assess the gaps in harmonizing sectoral crediting and Vietnam's NDC in the sector and use actual data collected under the project to test harmonizing options. The study and testing will consider the latest developments of NDC as well as the lessons learnt, and capacity built along with the TA implementation. As a result, the activity will establish sectoral GHG emissions levels for 2-3 sectors (cement, steel, chemical, etc.), measures for mitigating GHG emissions in those sectors and their level of contribution to the NDC commitment. A set of consultation workshops will be conducted with interested parties to collectively discuss the study recommendations and ways of institutionalizing the needed actions.

### **2.3 Overview of labor use in the Project**

The project will be implemented by the Project Management Board (PMU) that consists of a group of 7-10 personnels from the Department of Energy Efficiency and Sustainable Development (DEED), MOIT.

The PMU members will prepare the master plan and annual plan for the project; Financial management and implementation of disbursement procedures; Selection of domestic consultants, domestic and international consulting agencies; Classify and store information and documents related to project activities; Monitor and evaluate project implementation.

PMU will employ five regular consulting specialists. It is expected that there will be a project coordinator, a project assistant, a procurement specialist, a project accountant and a technical specialist.

The third party is about 25 service providers will be employed by PMU. These service providers will carry out the tasks such as formulating and finalizing policies to support carbon emission reduction and energy transition across industries; developing and supporting the implementation of the energy transition roadmap; building database and conducting energy management training; developing emission monitoring systems for selected industries.

ESS 2 categorizes workers into direct workers, contracted workers, community workers and primary supply workers. As per the design and nature of this project, three categories of workers are involved, who are direct workers and contracted workers.

### **Direct workers.**

The project's direct workers are those employed directly by PMU to work specifically in relation to the project. These workers include PMU staffs and consultants who are hired on a long-term contractual basis for implementing a wide range of the project's activities. Direct workers of the project include Project Director, an accountant, an administrative officer, senior technical Manager Consultants, project assistants and procurement specialists. Total number of direct workers dedicated to this project is estimated about 12.

The direct workers at PMU will be in charge of the day to day management and implementation of the project at PMU office. The PMU will be responsible for developing and implementing the project annual workplan, budget and M&E, knowledge management, safeguards, and reporting. Specifically, the PMU will conduct the project activities including project orientation, training and workshops, project model sharing and replication to non-project agencies, and be involved in M&E. The PMU will conduct semi-annually monitoring the project sites to assess overall progress against the project's plan and targets, as well gather best practice and lessons learned.

### **Contracted Workers.**

Contracted workers include those working on assignments, investigating and collecting data related to the application of low-carbon innovative technologies. Assignment-based contracted workers include part-time workers who will be mostly involved in conducting baseline, mid-term review and end-of-project evaluation, developing project's technical documents and communication materials and providing training facilitations for capacity building activities. The estimated number of assignment-based contracted workers is 25. Construction contracted workers are recruited in each province following the World Bank procurement regulation and managed by PMU. The work of construction contracted workers is to develop the renovation plan and associated

estimated costs, purchase needed materials for workshop and training on innovative and low carbon technologies.

Contracted workers are recruited following procurement regulation of the World Bank and will work closely with the Project Director to get work done.

### **3. DIRECT WORKERS**

#### **3.1 *General principles and the rights of workers***

The project guarantees the rights and legitimate interests of employees and encourages agreements providing employees with conditions set out by Vietnam's Labor Code.

An employee of the project is a person who is full 18 years or older, has the ability to work, works under a labor contract, is paid with wage and is managed and controlled by the employer.

The project will not hire child labor.

An employee has the following rights:

- a) To work, freely choose a job or occupation, to participate in vocational training and to improve occupational skills and suffer no discrimination;
- b) To receive a wage commensurate with his/her occupational knowledge and skills on the basis of an agreement reached with the employer; to receive labor protection and work in assured conditions of labor safety and labor hygiene; to take leave according to the prescribed regime, paid annual leaves and enjoy collective welfare benefits;
- c) To form and join and participate in activities of trade unions, occupational associations and other organizations in accordance with law; to request and participate in dialogues with the employer, implement democracy regulations and be consulted at the workplace to protect his/her rights and legitimate interests; and to participate in management activities according to the employer's regulations;
- d) To unilaterally terminate the labor contract in accordance with law;
- e) To go on strike.

#### **3.2 *Labor contracts***

A labor contract must be directly entered into between an employee and an employer before the employee is admitted.

A job description shall be provided. An employer shall provide an employee with information about the job, workplace, working conditions, working hours, rest time, occupational safety and hygiene, wage, forms of wage payment, social insurance and health insurance provision (if applicable), regulations on business confidentiality,

technological confidentiality, and other issues directly related to the entry into the labor contract as requested by the employee.

The employee shall provide the employer with information about his/her full name, age, gender, residence address, education level, occupational skills and qualification, health conditions and other issues directly related to the entry into a labor contract as requested by the employer.

During the performance of a labor contract, any party that requests to modify or supplement the contents of the labor contract shall notify at least 7 working days in advance to the other party of the contents to be modified or supplemented.

In case the two parties can reach an agreement, the modification or supplementation of the labor contract must be carried out by signing an annex to the labor contract or signing a new labor contract.

In case the two parties cannot reach an agreement on the modification or supplementation of the labor contract, they shall continue performing the labor contract already entered into.

All workers are employed under contracts for a specific period, the duration and date of commencement of the employment contracts, including the probationary period, notice period will be stated. The contracts may be renewed by mutual agreement prior to an expiry date.

**The right of employees to unilaterally terminate labor contracts.** An employee working under a definite-term labor or consultant contract, a seasonal labor contract or performing a certain job of under 12 months may unilaterally terminate the labor contract prior to its expiry date in the following cases:

- a) He/she is not assigned to the job or workplace or is not given the working conditions as agreed in the labor contract;
- b) He/she is not paid in full or on time as agreed in the labor contract;
- c) He/she is maltreated, sexually harassed or is subject to forced labor;
- d) He/she is unable to continue performing the labor contract due to personal or family difficulties;
- e) He/she is elected to perform a full-time duty in a people-elected office or is appointed to hold a position in the state apparatus;
- f) A female employee who is pregnant and must take leave as prescribed by a competent health establishment;
- g) If he/she is sick or has an accident and remains unable to work after having received treatment for 90 consecutive days, in case he/she works under a definite-term labor contract, or for a quarter of the contract's term, in case he/she

works under a labor contract for a seasonal job or a specific job of under 12 months.

**The right of employers to unilaterally terminate labor contracts.** An employer may unilaterally terminate a labor contract in the cases which are described in the Article 36, Labour Code 2019, particularly in these following cases:

- a) The employee often fails to perform his/her job stated in the labor contract;
- b) The employee is sick or has an accident and remains unable to work after having received treatment for 12 consecutive months, in case he/she works under an indefinite-term labor contract, or for 6 consecutive months, in case he/she works under a definite-term labor contract, or more than half the term of the labor contract, in case he/she works under a labor contract for a seasonal job or a specific job of under 12 months.

When the employee's health has recovered, he/she must be considered for continued entry into the labor contract;

- c) If, as a result of natural disaster, fire or another *force majeure* event as prescribed by law, the employer, though having applied every remedial measure, has to scale down production and cut jobs;
- d) The employee is absent from the workplace after the time limit specified in Article 31 of the Labor Code (2019) .
- e) The employee is absent from the workplace from 5 consecutive days without reasonable reasons

### **3.3 Wages**

Wage is a monetary amount which is paid by an employer to an employee to do a job as agreed by the two parties.

Wage includes a wage amount which is based on the work or title, wage allowance(s), qualification and previous experience and other additional payments. An employee's wage must not be lower than the minimum wage set by the Government and be competitive in comparison with wages of organizations working in the same field.

An employer shall pay equal wages without gender-based discrimination to employees doing a job of equal value.

An employer may select the form of wage payment based on working time, products or piecework. The selected form of wage payment must be maintained for a certain period of time. Any change in the form of payment must be informed by the employer to the employee at least 10 days in advance.

Wages are credited to staffs' bank accounts on the 25th of each month, payable in VND. If 25th is a weekend or holiday, the salaries can be transferred in the prior day. In some special cases, staff will be informed if the salary transfer is later than 25th.

Employees receiving hourly, daily or weekly wages must be paid after the working hour, day or week or paid in a lump sum as agreed by the two parties.

Employees receiving monthly wages must be paid once a month.

Employees receiving wages based on products or piecework must be paid as agreed by the two parties; if the work is to be performed in a number of months, each month, the employee must be given an advance wage according to the volume of work completed in the month.

Consultant fees are paid for by deliverables and associated timeline.

Timesheet is required to support for wage payment.

Employees, those are subject to compulsory state insurance scheme, shall contribute the employees' compulsory part to social insurance, health insurance and unemployment insurance and other compulsory contributions (if any) in compliance with the laws. The deductions in wage payments are applied accordingly.

**Salary/wage reviews.** Salaries shall be adjusted:

- on the basis when renewal of employment contract for each member of staff
- or, on an annual review with effects from 01 April.

### **3.4 Insurance and benefits**

#### **Participation in social insurance and health insurance**

Employers and employees shall participate in compulsory social insurance, compulsory health insurance and unemployment insurance and are entitled to the benefits in accordance with the social insurance and health insurance laws.

Employers and employees are encouraged to participate in other different forms of social insurance for employees.

When an employee is absent from work and covered by social insurance, the employer is not required to pay a wage to the employee.

Consultant workers are not paid insurance and other fringe benefits.

#### **Other benefits**

Beside the benefits required by Vietnam Labor Code (2019), the Social Insurance Law (2014), and the Health Insurance Law (2014), PMU attempts to provide benefits for the wellbeing of staff which are consistent with market practices. Other benefits are described below:

### ***Tet (Lunar New Year) bonus***

The Tet bonus will be dependent on PMU's Tet Bonus Policy and will vary each year and will have to be approved by the Director upon an annual basis.

The project-end bonus may be applied depending on the regulation of each project. In this case, the Director has the right to combine the two kinds of bonus and decide the bonus rate for each member of staff.

### ***3.5 Working hours, annual leave, public holidays, personal leave, unpaid leave and other leave***

#### **Normal working time**

Normal working time must not exceed 8 hours per day or 40 hours per week.

#### **Annual leave**

An employee who has been working for an employer for full 12 months is entitled a fully paid annual leave as stated in his/her labor contract as follows:

Twelve working days for an employee working in normal conditions;

#### **Sick leaves**

Employees is entitled to at least one sick leave day a month as set out in the Labour Code (2019). If employees seek sick leave longer than 2 days, they have to give PMU's human resource officer a doctor certification.

#### **Public and New Year holidays**

An employee is entitled to fully paid days off on the following public and New Year holidays:

- a) New Year Holiday: 1 day (the first day of January of the calendar year);
- b) Lunar New Year Holidays: 5 days;
- c) Victory Day: 1 day (the thirtieth day of April of each calendar year);
- d) International Labor Day: 1 day (the first day of May of each calendar year);
- e) National Independence Day: 2 days (the second day of September and the first or third day of September of each calendar year );
- f) Commemorative Celebration of Vietnam's Forefather - Kings Hung: 1 day (the tenth of March of the lunar year).

Total: 10 holidays per year.

#### **Personal leave, unpaid leave**

1. An employee may take fully paid leave for personal reasons in the following cases:



- a) Marriage: 3 days;
  - b) Marriage of his/her child: 1 day;
  - c) Death of a blood parent or a parent of his/her spouse, his/her spouse or child: 3 days.
2. An employee may take 1 day off without pay and shall inform the employer when a paternal or maternal grandparent or blood sibling dies; his/her father or mother gets married; or a blood sibling gets married.
  3. An employee may discuss and agree with the employer on unpaid leave in addition to the leaves specified in Items 1 and 2 above.

### **Maternity leave**

1. A female employee is entitled to 6 months of prenatal and postnatal leave.

In case a female employee gives birth to twin or more babies, counting from the second child upward, for each child the mother is entitled to 1 more month off.

Prenatal leave must not exceed 2 months.

2. During the maternity leave, a female employee is entitled to maternity policies provided by the law on social insurance.
3. After the maternity leave period stipulated in Item 1 of this Maternity Leave, if a female employee wishes, she may take additional leave without pay as agreed upon with the employer.
4. Before the expiration of her maternity leave stipulated in Item 1 of this Maternity Leave, a female employee may return to work if she so wishes and the employer so agrees provided that she has a certificate from a competent health establishment that early resumption of work will not adversely affect her health and she has taken at least 4 months of maternity leave.

In this case, the female employee continues to receive the maternity allowance as provided by the law on social insurance, in addition to the wage paid by the employer for her working days.

### **Business leave/Compensation leave**

Occasionally, due to the work/travel requirement, staff will have to spend time after normal working hours (from 10 hours and above) or during weekends, the day-off-compensation can be applied with full salaries. The compensation leave is on the basis of one free day for a day worked.

### **Paternity leave**

National male staff are entitled 5 working days for paternity leave if the wife gives birth to one child; 7 working days for paternity leave if the wife has cessation or give premature birth earlier than 32 weeks; 10 working days for paternity leave if the wife gives birth to a twin; from triple birth onwards, 3 more paternity leave for each additional child is added.

### **Medical leave**

Subject to the Vietnam Labour Law (2019), PMU will normally grant paid sick leave at least 12 working days per annum. However, in special cases, PMU, through the Director, may give sympathetic consideration and at his/her discretion may grant paid sick leave in excess of the employee's entitlement.

### **Other leave**

Any leave which is not mentioned by Vietnam laws will be decided by the Director.

## **4. CONTRACTED WORKERS**

### **4.1 General principle and the rights of workers**

The project guarantees the rights and legitimate interests of employees and encourages agreements providing employees with conditions compatible with those provided by the Labor Code (2019).

An employee of the project is a person who is full 18 years or older, has the ability to work, works under a labor contract, is paid with wage and is managed and controlled by the employer.

The project will not hire child labors.

An employee has the following rights:

- a) To work, freely choose a job or occupation, to participate in vocational training and to improve occupational skills and suffer no discrimination;
- b) To receive a wage commensurate with his/her occupational knowledge and skills on the basis of an agreement reached with the employer; to receive labor protection and work in assured conditions of labor safety and labor hygiene; to take leaves according to the prescribed regime, paid annual leaves and enjoy collective welfare benefits;
- c) To form and join and participate in activities of trade unions, occupational associations and other organizations in accordance with law; to request and participate in dialogues with the employer, implement democracy regulations and be consulted at the workplace to protect his/her rights and legitimate interests; and to participate in management activities according to the employer's regulations;

- d) To unilaterally terminate the labor contract in accordance with law;
- e) To go on strike.

## **4.2 Labor contracts**

A labor contract must be directly entered into between an employee and an employer before the employee is admitted.

A job description shall be provided. An employer shall provide an employee with information about the job, workplace, working conditions, working hours, rest time, occupational safety and hygiene, wage, forms of wage payment, social insurance, health insurance, regulations on business confidentiality, technological confidentiality, and other issues directly related to the entry into the labor contract as requested by the employee.

The employee shall provide the employer with information about his/her full name, age, gender, residence address, education level, occupational skills and qualification, health conditions and other issues directly related to the entry into a labor contract as requested by the employer.

During the performance of a labor contract, any party that requests to modify or supplement the contents of the labor contract shall notify at least 7 working days in advance to the other party of the contents to be modified or supplemented.

In case the two parties can reach an agreement, the modification or supplementation of the labor contract must be carried out by signing an annex to the labor contract or signing a new labor contract.

In case the two parties cannot reach an agreement on the modification or supplementation of the labor contract, they shall continue performing the labor contract already entered into.

All labors are employed under contract for a specific period, the duration and date of commencement of the employment contract, including the probationary period, notice period will be stated. The contract may be renewed by mutual agreement prior to an expiry date.

**The right of employees to unilaterally terminate labor contracts.** An employee working under a definite-term labor or consultant contract, a seasonal labor contract or performing a certain job of under 12 months may unilaterally terminate the labor contract prior to its expiry in the following cases:

- a) He/she is not assigned to the job or workplace or is not given the working conditions as agreed in the labor contract;
- b) He/she is not paid in full or on time as agreed in the labor contract;
- c) He/she is maltreated, sexually harassed or is subject to forced labor;

- d) He/she is unable to continue performing the labor contract due to personal or family difficulties;
- e) He/she is elected to perform a full-time duty in a people-elected office or is appointed to hold a position in the state apparatus;
- f) A female employee who is pregnant and must take leave as prescribed by a competent health establishment;
- g) If he/she is sick or has an accident and remains unable to work after having received treatment for 90 consecutive days, in case he/she works under a definite-term labor contract, or for a quarter of the contract's term, in case he/she works under a labor contract for a seasonal job or a specific job of under 12 months.

**The right of employers to unilaterally terminate labor contracts.** An employer may unilaterally terminate a labor contract in the following cases:

- a) The employee often fails to perform his/her job stated in the labor contract;
- b) The employee is sick or has an accident and remains unable to work after having received treatment for 12 consecutive months, in case he/she works under an indefinite-term labor contract, or for 6 consecutive months, in case he/she works under a definite-term labor contract, or more than half the term of the labor contract, in case he/she works under a labor contract for a seasonal job or a specific job of under 12 months.

When the employee's health has recovered, he/she must be considered for continued entry into the labor contract;

- c) If, as a result of natural disaster, fire or another *force majeure* event as prescribed by law, the employer, though having applied every remedial measure, has to scale down production and cut jobs;
- d) The employee is absent from the workplace after the time limit specified in **Article 31** of the Labor Code (2019).
- e) The employee is absent from the workplace from 5 consecutive days without reasonable reasons.

### **4.3 Wages**

Wage is a monetary amount which is paid by an employer to an employee to do a job as agreed by the two parties.

Wage includes a wage amount which is based on the work or title, wage allowance(s) and other additional payments. An employee's wage must not be lower than the minimum wage set by the Government. A wage must be paid to an employee based on labor productivity and quality of the work performed.

An employer shall pay equal wages without gender-based discrimination to employees doing a job of equal value.

An employer may select the form of wage payment based on working time, products or piecework. The selected form of wage payment must be maintained for a certain period of time. Any change in the form of payment must be informed by the employer to the employee at least 10 days in advance.

Wages are credited to staffs' bank accounts on the 25th of each month, payable in VND. If 25th is weekend or holiday, the salaries can be transferred in the prior day. In some special cases, staff will be informed if the salary transfer is later than 25th.

Employees enjoying hourly, daily or weekly wages must be paid after the working hour, day or week or paid in a lump sum as agreed by the two parties.

Employees enjoying monthly wages must be paid once a month.

Employees enjoying wages based on products or piecework must be paid as agreed by the two parties; if the work is to be performed in a number of months, each month, the employee must be given an advance wage according to the volume of work completed in the month.

Timesheet is required to support for wage payment.

Employees, those are subject to compulsory state insurance scheme, shall contribute the employees' compulsory part to social insurance, health insurance and unemployment insurance and other compulsory contributions (if any) in compliance with the laws. The deductions in wage payments are applied accordingly.

#### **4.4 Insurance and benefits**

##### **Participation in social insurance and health insurance**

Employers and employees shall participate in compulsory social insurance, compulsory health insurance and unemployment insurance and are entitled to the benefits in accordance with the social insurance and health insurance laws (2014).

Employers and employees are encouraged to participate in other different forms of social insurance for employees.

When an employee is absent from work and covered by social insurance, the employer is not required to pay a wage to the employee.

For a worker (e.g. a retired person) who is not subject of compulsory social insurance, compulsory health insurance and unemployment insurance of the Project, the employer shall calculate and pay to the labor a wage which includes the level of contribution to compulsory social insurance, compulsory health insurance and unemployment insurance in accordance with regulations.

#### **4.5 Working hour, annual leave, public holidays, personal leave, unpaid leave and other leave**

##### **Normal working time**

Normal working time must not exceed 8 hours per day or 40 hours per week.

##### **Annual leave**

An employee who has been working for an employer for full 12 months is entitled a fully paid annual leave as stated in his/her labor contract as follows:

Twelve working days for an employee working in normal conditions;

The annual leave of an employee will be increased 1 day for every 5 years' working for an employer.

##### **Public and New Year holidays**

An employee is entitled to fully paid days off on the following public and New Year holidays:

- a) Calendar New Year Holiday: 1 day (the first day of January of the calendar year);
- b) Lunar New Year Holidays: 5 days;
- c) Victory Day: 1 day (the thirtieth day of April of each calendar year);
- d) International Labor Day: 1 day (the first day of May of each calendar year);
- e) National Day: 2 days (the second day of September and the first or third day of September of each calendar year);
- f) Commemorative Celebration of Vietnam's Forefather - Kings Hung: 1 day (the tenth of March of the lunar year).

##### **Personal leave, unpaid leave**

1. An employee may take fully paid leave for personal reasons in the following cases:
  - a) Marriage: 3 days;
  - b) Marriage of his/her child: 1 day;
  - c) Death of a blood parent or a parent of his/her spouse, his/her spouse or child: 3 days.
2. An employee may take 1 day off without pay and shall inform the employer when a paternal or maternal grandparent or blood sibling dies; his/her father or mother gets married; or a blood sibling gets married.
3. An employee may discuss and agree with the employer on unpaid leave in addition to the leaves specified in Items 1 and 2 above.

## **Maternity leave**

1. A female employee is entitled to 6 months of prenatal and postnatal leave.

In case a female employee gives birth to twin or more babies, counting from the second child upward, for each child the mother is entitled to 1 more month off.

Prenatal leave must not exceed 2 months.

2. During the maternity leave, a female employee is entitled to maternity policies provided by the Labour Code 2019.
3. After the maternity leave period stipulated in Item 1 of this Maternity Leave, if a female employee wishes, she may take additional leave without pay as agreed upon with the employer.
4. Before the expiration of her maternity leave stipulated in Item 1 of this Maternity Leave, a female employee may return to work if she so wishes and the employer so agrees provided that she has a certificate from a competent health establishment that early resumption of work will not adversely affect her health and she has taken at least 4 months of maternity leave.

In this case, the female employee continues to receive the maternity allowance as provided by the law on social insurance, in addition to the wage paid by the employer for her working days.

## **Business leave/Compensation leave**

Occasionally, due to the work/travel requirement, staff will have to spend time after normal working hours (from 10 hours and above) or during weekends, the day-off-compensation can be applied with full salary. The compensation leave is on the basis of one free day for a day worked.

## **Medical leave**

National staff are entitled to a sick leave as long as necessary. However, subject to the provision of the Labor law, PMU will grant paid sick leave at least 12 working days per annum. PMU, through the Director, may give sympathetic consideration and at his/her discretion may grant paid sick leave in excess of the employee's entitlement.

### **4.6 Employment of elderly employees**

1. When necessary, an employer may reach agreement with an elderly employee who has sufficient health conditions on the extension of the labor contract or the conclusion of a new labor contract in accordance with the provisions of Chapter **XI** of the Labor Code (2019).

2. If, after retirement, an elderly employee is employed under a new labor contract, he/she still enjoys the rights and interests agreed upon in the labor contract, in addition to the rights and benefits under the retirement policy.
3. An employer may not employ elderly employees in heavy or dangerous jobs or jobs exposed to toxic substances that adversely affect their health, except in special cases as stipulated by the Government on the Decree No. 39/2016/NĐ-CP dated 15<sup>th</sup> May 2016.
4. An employer is responsible for taking care of the health of elderly employees at the workplace.
5. The employee has the rights to negotiate with employer over the length of daily working hours or work on the part-time basic.
6. The employee receives all retirement benefits and salary and other associated benefits set out by the Labour Code and labour contract with the employer. The employee can negotiate with the employer over the addition of the money deemed to pay for health and social insurance to his/her salary.

## **5. OCCUPATIONAL HEALTH AND SAFETY**

1. An employer has the following obligations:
  - a) To ensure that the workplace meet the requirements on space, airiness, dust, steam, toxic gas, radiation, electricity of magnetic field, heat, moisture, noise, vibration and other harmful factors as prescribed in relevant technical regulations. These factors must be checked and measured on a regular basis;
  - b) To ensure safe and hygienic working conditions for machines, equipment and workshops as required by the promulgated or applied national technical regulations or standards on occupational safety and hygiene at workplace;
  - c) To check and evaluate dangerous and harmful factors at the workplace in order to put forward measures to avert and minimize dangers and harms and improve working conditions and healthcare for employees;
  - d) To examine and maintain machines, equipment, workshops and warehouses on a periodical basis;
  - e) To display signboards of instructions for occupational safety and hygiene for machines, equipment and workplaces at easy-to-read and -see locations at the workplace;
  - f) To consult the representative organization of the grassroots-level employees' collective when planning and implementing activities to ensure occupational safety and hygiene.



2. An employee has the following obligations:

- a) To observe regulations, processes and internal rules on occupational safety and hygiene which are relevant to assigned jobs;
- b) To use and maintain equipped personal protection equipment and occupational safety and hygiene tools at the workplace;
- c) To promptly report to responsible persons when discovering risks of labor accident, occupational disease, toxic or dangerous incidents; to participate in first aid and overcoming the consequences of labor accidents as requested by the employer. The contact numbers of responsible persons of employers are always disseminated to employees at the beginning of the employment. Contact channel can be both in telephone and email.

## **6. GRIEVANCE MECHANISM**

PMU maintains a grievance mechanism and provides for all direct workers and contracted workers to raise their workplace concerns.

The Grievance Mechanism and the Grievance Redress Mechanism are disseminated and provided to all workers at the beginning of the Project or at the time of recruitment. This will help to protect employees against any violation and reprisal.

## **7. NON-DISCRIMINATION AND EQUAL OPPORTUNITIES**

PMU is committed to equal opportunities for all its employees and potential employees. It seeks to be an inclusive organisation where everyone is treated with respect and dignity and where there is equal opportunity for all.

It is PMU's equal opportunities, gender based-violence and dignity at work policy to provide equality of treatment to all, irrespective of:

- Gender, including transgender;
- Marriage or civil partnership;
- Having or not having dependents;
- Religion and belief;
- Race (including colour, nationality, ethnic or national origins);
- Disability;
- Sexual orientation;
- Age; and
- Pregnancy or maternity;

PMU policy applies to all those who work for (or apply to work for) it, for example:

- Job applicants and potential applicants;
- Employees;
- Contract workers;

All employees, whether part-time, full time or temporary, will be treated fairly and with respect. Selection for employment, promotion, training or any other benefits will be on a basis of aptitude and ability. Decisions about pay and benefits, terms and conditions of employment, appraisals, dismissal or redundancy will be made objectively and without unlawful discrimination. All employees will be helped and encouraged to develop their full potential, and the talents and resources of the workforce will be fully utilised to maximise the efficiency of the organization.

Managers will ensure that:

- Standards referred to this policy are adhered to within their own area of responsibility;
- Bring the details of the policy to the attention of their team members;
- Ensure that information on equality of opportunity is included in all induction processes; and
- Ensure that their team members are available to attend relevant equality training programmes (if any).

The PMU Office Manager is responsible for ensuring that this policy is effectively communicated to all employees and all those involved with the organisation at whatever level or position and for providing advice and guidance where appropriate. It will, in particular, provide full text and induction on equal opportunities to all new employees; translate this policy into Vietnamese and send to all relevant involved parties. In addition, upon any significant update, the policy will be presented to all members of staff or at department/office meetings and re-translated to all relevant involved parties.

Each member of staff has a responsibility to:

- Follow any measures introduced to ensure equality of opportunity and prevent discrimination, harassment or bullying;
- Report any discriminatory acts;
- Treat others fairly without prejudice; and
- Promote a work environment where an individual can feel valued and realise his/her potential and encourage others to do so.

Failure to comply with the policy, procedures and practices outlined below will be considered within the framework of PMU disciplinary procedure.

The PMU equal opportunity policy also covers bullying and sexual harassment issues at the workplace and in any work-related setting outside the workplace, for example, during business trips and at work-related social events.

Some harassment is unlawful, and serious harassment may be a criminal offence.

**Bullying** is offensive, intimidating, malicious or insulting behavior, and/or an abuse or misuse of power that is meant to undermine, humiliate or injure the person on the receiving end.

Examples of bullying would include:

- Abuse of authority by a line manager or their acting in such a way that the employee feels threatened or coerced
- Aggressive or intimidating behaviour towards an individual including shouting or unreasonable anger
- Repeated unfair criticism or destructive and negative criticism along with lack of reasonable support for future improvement
- Criticism in front of others that humiliates and undermines them including by email
- Criticism that focuses on a personal characteristic rather than work performance
- Ostracising someone e.g. refusing to speak to them, blatantly ignoring their views or comments, or deliberately excluding them from work related or social activities
- Deliberately imposing grossly excessive or unachievable workloads or impossible deadlines in order to make life difficult for a particular employee
- Unjustified micromanagement that may undermine confidence or disempower an individual
- Coercion or pressure to perform social favours or participate in religious or political activity
- Making threats or comments about job security without foundation.

**Harassment** is unwanted conduct related to relevant protected characteristics, which are sex, race (which includes colour, nationality and ethnic or national origins), disability, sexual orientation, religion or belief and age, that:

- has the purpose of violating a person's dignity or creating an intimidating, hostile, degrading, humiliating or offensive environment for that person; or
- is reasonably considered by that person to have the effect of violating his/her dignity or of creating an intimidating, hostile, degrading, humiliating or offensive environment for him/her, even if this effect was not intended by the person responsible for the conduct.

Examples of harassment would include:

- Physical conduct ranging from unwelcome touching to serious assault;
- Unwelcome sexual advances;
- Demeaning comments about a person's appearance;
- Unwelcome jokes or comments of a sexual or racial nature or about an individual's age;
- Spoken or written words of abuse;
- Insulting or ridiculing the way someone dresses, speaks or behaves;
- Display or circulation of any offensive or pornographic material, graffiti or racist literature; or sexually suggested pictures, objects or written materials;
- Isolation and/or non-cooperation at work and exclusion from social activities

PMU is committed to creating a work environment free of harassment and bullying, where everyone is treated with dignity and respect.

PMU will treat complaints of bullying and sexual harassment and maintain confidentiality to the maximum extent possible. Support will be provided for those who have experienced instances of discrimination, bullying and harassment.