



International  
Labour  
Organization

Decent Work in  
Garment Supply  
Chains Asia



Sweden  
Sverige

# ▶ Building back better with environmental sustainability and gender equality:

Veit Nam country summary



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## ▶ Preface

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The *Building Back Better with Environmental Sustainability and Gender Equality* Study is part of the Decent Work in the Garment Sector Supply Chains in Asia project. The four-year project was funded by the Swedish International Development Agency (SIDA) in collaboration with the ILO Regional Office in Bangkok aims to improve working conditions and rights of women and men workers in the sector in Asia through improved social dialogue, productivity, gender equality and environmental sustainability.

The project has four outcome areas:

1. Industrial relations,
2. Gender equality,
3. Productivity and competitiveness and
4. Environmental sustainability.

This work was led by Outcome 4 and Outcome 2 as a joint activity to access the double dividend in progressing enhanced environmental sustainability and gender equality in the garment sector. The aim of the study was to identify consensus among sector stakeholders for future priorities and recommended actions for different stakeholder groups to advance sustainability.

The Study uses a Delphi methodology – a well-established tool for iterative consensus-building among stakeholders – to identify the coalition of actors needed to help reform the garment and textile sector, and the key priorities that should be the focus of their related stakeholder action. The study involved 80 participants including enterprises (31 enterprises), trade unions, workers, industry associations, government officials and other relevant sector stakeholders. 40 per cent of the participants were women and 60 per cent men. Participants were drawn from Outcome 4's four focus countries – Bangladesh, Cambodia, Indonesia, and Viet Nam.

This report provides highlights of the Viet Nam country level findings of the Study, including stakeholder identified priorities and recommendations for enhancing environmental sustainability and gender equality in the sector in Viet Nam. The report is also available in Vietnamese language.

Separate country level reports are also available for the other three focus countries - Bangladesh, Cambodia, and Indonesia, with translated versions in relevant languages. A Synthesis Report is also available and provides regional level findings, priorities and recommendations drawing from empirical findings of each of each of the four focus countries. The Synthesis Report also provides a detailed explanation of the study methodology.

# Recommendations for the textile and garment sector in the post-COVID-19 pandemic recovery

“Build back better” is a term frequently used in recent global policymaking when referring to the need of societies and economies to recover from the COVID-19 pandemic. In the global textile and garment sector, it has been employed to describe the need for a transformation to a more sustainable and resilient business model – one that reduces the environmental impact of production and consumption while redressing longstanding poor labour practices.

But when we drill down into the concept, what does “build back better” actually mean and who are we building back better for?

Crises provide a window of opportunity for stakeholders to come together and develop new or reprioritized shared interests to achieve recovery. Efforts that harness these new coalitions and, importantly, include all groups – especially vulnerable and marginalized persons – can have better success than those that focus only on material or technological solutions.

But these new coalitions do not come about automatically. They typically require effort, time, orchestration and capacity-building. Thinking about how this is done in the context of the COVID-19 recovery should be a priority for the textile and garment sector as it looks to rebuild with sustainability at its core: Are all stakeholders part of the process? Do they all have the capacity to participate adequately and/or equally? As the majority of the sector’s workforce, are women workers participating in the process? What further steps and measures need to be put in place to ensure that collaboration and meaningful dialogue can take place?

This report uses a Delphi methodology, which is a well-established tool for iterative consensus-building among stakeholders, to determine the coalition of actors needed to help reform the textile and garment sector and what should be their priorities.

This Delphi study evolved from a workshop suggestion. The Building Back Better: Achieving Environmental Sustainability and Gender Equality in Post-COVID-19 in the Garment Sector in Asia workshop was a component of the Decent Work in the Garment Sector Supply Chains in Asia (DWGSC) Project, which the Swedish International Development Cooperation Agency had funded in four countries: Bangladesh, Cambodia, Indonesia and Viet Nam. The workshop highlighted the double dividend from simultaneously progressing enhanced environmental sustainability and gender equality in the textile and garment sector.

The study involved 80 participants, including representatives of enterprises (31 owners and managers), several trade unions, workers’ organizations and industry associations along with government officials and other sector stakeholders. Of them, women accounted for 40 per cent. The participants were initially drawn from the Gender Taskforce, the Women’s Leadership Programme and the Textile and Garment Eco-Innovation Research Network (TERN), the three of which are also products of the DWGSC Project. Snowballing interview techniques were then used to find other participants. In each of the four countries, 20 stakeholders were interviewed.

The study focused on finding consensus for action relevant to environmental sustainability and gender equality.

# Synthesis results on environmental sustainability

In each country analysis as well as the comparative analysis, the study participants single out environmental sustainability as a priority for action. It is an issue that is either emerging into the fore or under way in various forms at the enterprise and industry levels. The enterprise owners and managers in the study cited intrinsic internal motivations for undertaking related activities more often than external factors, such as brand- or buyer-led requirements. This finding shows that activities to build knowledge, awareness and intrinsic motivation of enterprises are important for enhancing environmental sustainability.

Across the four countries, 84 per cent of the enterprise owners and managers involved in the study cited environmental sustainability and increasing their performance in this area as a priority for their business. By country, there were differences, primarily in how waste and renewable energy and electricity sources are seen as opportunities. The differences relate to country- and locality-specific factors in the accessibility of renewable energy and energy efficiency equipment, as well as the availability of technical know-how and expertise in advising, installing and financing such opportunities.

At the regional level, the findings highlight environmental sustainability opportunities in the sector, providing opportunities for knowledge-sharing and capacity-building. The selection and implementation of opportunities depends on the availability of context-specific expertise and technology in each country's garment sector. This is especially the case when enterprise-level investments require large shared or common infrastructure investment, such as grid availability in the case of renewable energy, centralized water treatment facilities and waste and recycling infrastructure for recycling and circular economy activities.

A supportive ecosystem for sustainability is critical for progress at the enterprise and sector levels. There are many levers in creating this supportive ecosystem, with a conducive policy mix being critical. Such a mix must integrate environmental regulation with sector- or context-specific guidance, along with incentives and investment in skills development, knowledge creation and network-building. Due diligence obligations and sustainable purchasing practices from buyers and brands contribute to creating a supportive ecosystem if they also address cost- and benefit-sharing from the investment in this sustainability.

The impacts due to the lack of environmental sustainability fall disproportionately on the most vulnerable participants in the sector and the society, which in garment production means women and other marginalized groups. The benefits of enhancing environmental sustainability closely link to and mutually benefit from achieving gender equality.

# Synthesis results on gender equality

Despite its highly feminized global workforce, the textile and garment sector is far from achieving gender equality. An estimated 80 per cent of workers in the sector are women,<sup>1</sup> although they are usually in low-paid roles with less employment security and subject to gender-based violence, harassment and discrimination.<sup>2</sup>

The advancement of gender equality and environmental sustainability are intrinsically connected. Not addressing the different needs and priorities of men and women can perpetuate the gender inequalities and lead to an “unjust” transition towards environmental sustainability across the sector. The textile and garment sector has been an important vector of employment for women and thus is well positioned to bring more progress to gender equality at work.

The Delphi study highlighted priorities for advancing gender equality in the sector, although they are not new or unknown. The issues include having clarity on the behaviours that constitute harassment, violence and discrimination, as well as the changes needed to reshape the cultural norms around unacceptable workplace practices. The deep power asymmetries in the labour force and the wider sector (which often follow gender lines) also need to be tackled so that victims and bystanders feel supported and empowered to report abuse when it occurs and seek recompense.

Capacity-building activities for multiple actors within the sector on gender equality and reducing violence, harassment and discrimination have demonstrated positive progress over the past decade. Successful capacity-building activities include the cocreation of gender equality policies and regulations and their implementation with enterprise owners and workers. Broader efforts that have proven effective include training and campaigns on gender equality, particularly those that involve actors at multiple levels of jurisdiction, such as government agencies, trade unions and industry associations.

The effectiveness of capacity-building activities is also determined by the internal resources available in specific enterprises. Similar issues of capacity were highlighted by the enterprise owners and managers in their ability to provide supportive family workplace policies. They argued that their limited business viability prevented them from investing further in their staff and supportive family policies and that the ability to maintain an adequate profit margin in the highly competitive marketplace of low-cost, high-volume throughput that many manufacturers operate in is very difficult. Addressing family-supportive work policies is another area where collaborative and networked governance could make progress.

Tapping into environmental sustainability and social responsibility programmes can focus on and build up internal resources and capabilities as well as compliance with legislation. New models for distributing the costs and benefits of achieving sustainability are needed because the existing ones have not led to significant progress in the sector on either environmental sustainability or social responsibility. One of the most common statements from the people participating in the Delphi study recognized the strong link between environmental sustainability and social responsibility in enterprises. As one interviewee noted, “The enterprises interested in environmental sustainability are also the ones interested in labour conditions.”

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1 Better Work, “ILO 100: Ten Ways the ILO Has Transformed the Global Garment Industry” (2019).

2 ILO, *Moving the Needle – Gender Equality and Decent Work in Asia’s Garment Sector* (Thailand, 2021).

# Recommendations from the study

These recommendations are for organizations that create and deliver sustainability programmes in the garment sector at the country and regional levels.

1. Assess and build collaborative capacity among sector stakeholders for designing and delivering stakeholder-led sustainability programmes that are inclusive and gender-transformative.
2. Strengthen governance arrangements in sustainability programme designs and execution to ensure that all stakeholders are involved in the process of creating activities that are truly created to support them, including women workers.
3. Include activities that recognize and incorporate the intrinsic motivations of participants for positive behaviour change – new and ongoing programme designs need to identify and catalyse these intrinsic motivations in enterprises and among individuals.
4. Develop both regional-level knowledge-sharing as well as tailored country- and sector-level environmental sustainability road maps to ensure they are inclusive and gender-responsive, with specific actions to address barriers, including awareness-raising, infrastructure needs and priorities, access to finance and investment readiness and skills-development strategies.
5. Develop a framework for regional industry knowledge-sharing on opportunities, including platforms for policymakers to design supportive policy mixes for environmental sustainability and gender equality in the sector.
6. Support ongoing collaborative, educational and capacity-building activities aimed at gender equality and tackling gender-based violence and harassment in the workplace. Addressing gender equality should be part of just transition planning. The International Labour Organization's Violence and Harassment Convention, 2019 (No. 190) can provide momentum for a specific action agenda for gender equality.
7. Link programmes and (growing) industry advocacy on sustainable purchasing practices in the supply chains to the benefits available from these practices in achieving gender equality and family-supportive workplaces.

## Viet Nam findings<sup>3</sup>

The textile and garment sector is a major sector for the Vietnamese economy in terms of industrial output, exports and employment. Exports of textiles, clothing and footwear have almost doubled over the past five years.<sup>4</sup> Viet Nam is now the fifth-largest exporter of textiles and clothing in terms of gross domestic product, after China, India, Italy and Germany.

The sector in Viet Nam focuses predominantly on sew-cut-trim and garment assembly activities. Because garment assembly activities are labour-intensive (and mainly low-skilled labour), they have relatively

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<sup>3</sup> The Viet Nam section of the report is drawn from the work of Minh-Quang Nguyen, who carried out the Delphi study data collection.

<sup>4</sup> Angela Finn, "Producing Sustainable Fashion: Made in Viet Nam", in *Global Perspectives on Sustainable Fashion*, ed. Alison Gwilt, Alice Payne and Evelise A. Ruthschilling, 194–204 (Bloomsbury Publishing, London, 2019).

minor impact on the environment, compared with other parts of the supply chain. There is some textile manufacturing in Viet Nam, although it is mostly for the domestic market. Significant investment in upstream (fibre manufacturing) and midstream (fabric production and dyeing) activities have been made in recent years. This focus on developing backward linkages in fibre manufacturing, fabric production and wet processing activities is rapidly increasing the environmental impact of the sector.

The COVID-19 pandemic has had far-reaching impact on the entire industry: from decreasing revenue and changed short- and long-term strategies to disrupted workers' lives and new stakeholder roles. The impacts of the pandemic can be divided into four phases.

The first period, in 2020, saw substantial impact on supply. The outbreak of the disease in China created a disruption in the source of raw materials, affecting enterprise production. In the second stage, Viet Nam's main export markets, such as the United States and Europe, became the world's largest epidemic areas. Demand dropped sharply and brands went bankrupt, causing Viet Nam's export turnover to these markets to fall seriously. Due to the delay in production orders and exports (due to the halting of transshipment services), Vietnamese firms had to focus on producing masks and medical protective equipment to maintain their operations. The situation improved in early 2021 when textile and garment orders from neighbouring countries were massively transferred to Viet Nam. There are many reasons for this, including the good control of disease transmission in Viet Nam while the outbreak was intense in other countries, such as India, Indonesia and Thailand (as of 2021) and due to the unstable political situation in Myanmar. Vietnamese enterprises' orders in early 2021 increased twofold to sixfold, compared with the same period in 2020. Many businesses received orders through the fourth quarter of 2021. However, virus outbreaks in Bac Ninh and Bac Giang provinces at the end of April (2021) and in the south of Viet Nam from the end of June caused many enterprises to stop production. They no longer meet the conditions of the three-in-spot policy (eat, sleep and work in one place). This disruption may cause the reputation of businesses to decline and brands to leave Viet Nam. In short, the COVID-19 pandemic has had a substantial impact on the textile and garment sector, but the scale and manner of effects have differed in each period.

## Environmental sustainability

Most study participants agreed that Vietnamese textile and garment enterprises now have more awareness of the importance of environmental sustainability and have prioritized environmental goals. There are several reasons for this shift, including (i) environmental requirements of free trade agreements; (ii) mandatory standards so that businesses can participate in the global supply chain; (iii) pressure from brands; (iv) more clarity and strictness in the Environmental Law and environmental protection standards; and (v) consultation with domestic and foreign organizations.

However, this awareness is uneven across different types of businesses. Foreign direct investment and large-scale enterprises perform well under the requirements on environmental sustainability. But small and medium-sized enterprises (SMEs), especially those at the bottom of the supply chain, perform less well.

Enterprise owners and managers identified environmental sustainability as a top priority in their respective workplaces. They believe they have a good understanding of the current level of environmental sustainability at their business but much less knowledge on what opportunities are available to them to increase their environment-related performance.

The enterprise owners and managers collectively cited four reasons limiting their environmental sustainability activities: (i) lack of infrastructure (water treatment system, electricity system, etc.); (ii) lack of regulations (on pollution and energy use); (iii) lack of monitoring and enforcement of regulations on the environment; and (iv) lack of skilled personnel (in environmental management).



Other study participants highlighted infrastructure barriers, including the lack of coordinated planning between the central and local governments for infrastructure and the lack of plans for industrial parks large enough for the textile industry. The lack of coordination between government ministries with various responsibilities for environmental management was highlighted as leading to many inadequacies in management.

The capacity and understanding of employers and employees about environmental sustainability, especially in SMEs was emphasized. This was linked with financial resource constraints that limit opportunities for SMEs to invest in environmental sustainability. The lack of human resources in SMEs means that many of them cannot dedicate staff to environmental management activities.

Study participants said that different priorities and opportunities exist across different business types. Foreign direct investment and large-scale enterprises that have joined the global supply chain are aware of the importance of environmental sustainability. These businesses must operate at international standards in textile and clothing production generally and meet the requirements for free trade agreements. They also are under pressure from global brands. These businesses are paying more and more attention to the use of renewable energy, switching to equipment with less electricity and water consumption and ensuring that wastewater and production waste are treated according to procedures and standards.

SMEs are often less concerned with environmental sustainability. Small businesses located at the end of the supply chain are most likely not aware of the opportunities and activities that can reduce wastewater and energy and how these savings will assist their business. According to some study participants, this is due to the high cost of investing in new technologies, the nascent field of renewable energy, the need for necessary support from stakeholders and the lack of brand oversight.

With the impact of the pandemic, environmental factors have become less critical for smaller enterprises. However, most study participants said that they had been using many solutions towards environmental sustainability, such as: saving energy in the production process, trying to recycle excess fabric from the production process, limiting the use of plastic in products, participating in sustainable development projects, establishing and developing sustainable development boards, buying modern machines with low energy consumption and a low level of emissions, organizing regular internal environmental assessments, participating in global recycling programmes, reusing energy, signing commitments to reduce greenhouse gas emissions and building factories according to “green building” standards.

The study participants highlighted the different roles for actors in enhancing environmental sustainability across the sector. For the Government, actions include a coordinated suite of incentives and regulations and increasingly stronger and stricter environmental rules and support for enterprises applying sustainable solutions. Other governments, especially through free trade agreements, can provide incentive for environmental investments through increasingly stringent due diligence and manufacturing standards, including for circular economy activities. Brands have a role in providing customer demand and premium pricing for enhanced production. NGOs and knowledge and research partners can act as intermediaries and knowledge brokers and reduce the search and implementation costs associated with new environmentally sustainable processes and products.

The study participants highlighted the following opportunities for enhancing environmental sustainability in the textile and garment sector in Viet Nam:

- Raise awareness of business owners, employees and consumers about environmental sustainability. The Government, interdisciplinary associations, NGOs and professional agencies need to implement more capacity-training, provide more support for enterprises and promote sustainable consumption behaviours, such as using environment-friendly products and avoiding the products of companies that perform poorly on social responsibility measures.

- ▶ Tighten and strengthen regulations and sanctions related to environmental issues. Actively discharging waste that causes environmental pollution should be strictly handled through the criminal law process, and there needs to be effective cooperation between government departments.
- ▶ Create facilitated opportunities to bring SMEs into the supply chain of large enterprises (this is directed to the Government and related organizations). This will provide SMEs with access to international standards and updated trends, techniques, technologies and knowledge of the environmental sustainability requirements for a supply chain. Financial support packages can be matched for these enterprises to transition to more sustainable production.
- ▶ Make the relationship between brands and outsourcing companies two-way. In addition to outsourcing businesses, brands need to be responsible for investing or providing financial tools for enterprises to implement environmental protection jointly. And there should be opportunities to evaluate brand sustainability and behaviours instead of just assessing supplier companies.
- ▶ Act as intermediaries for the adoption of sustainable practices in the textile and garment sector (this is directed to NGOs). These organizations can cooperate with ministries and agencies to build a clean production and clean development mechanism or to instigate export quotas with corresponding emission quotas.
- ▶ Revise the strategic vision, customer segments, core values, perceptions of the board of directors and all employees to reflect emphasis on improving environmental sustainability in the business (this is directed to the enterprises). The business model that creates high added value will have the capital to enhance environmental sustainability. In addition, businesses working for brands with high requirements will require high prices, which in turn ensures the supplier is able to adequately resource their environmentally sustainable activities.

## Gender equality

The responses from enterprise owners and managers in the Delphi study reflect a view that gender-based violence, harassment and discrimination are not occurring within their respective facilities and that adequate policies and procedures are in place to deal with these issues. And yet, more than a third of them said they had received reports or observed incidents of violence and harassment in the past year in their organization. Study participants noted that violence and harassment exist in both small and large enterprises. Still, it is rarely recorded and reported due to language, cultural and organizational barriers and employees' fear of losing their pride and their job. This is further complicated by differing perceptions and viewpoints of what constitutes violence and harassment in the local culture when compared with international standards.

All the enterprise owners and managers confirmed they have a zero-tolerance policy in place to define, prohibit, prevent and redress all forms of violence and harassment in the workplace. Most of their policies prohibit physical, emotional and sexual violence. However, only two thirds of them said that they have a reporting mechanism through which employees can report cases of violence and harassment. Most of the other study participants assumed that the textile and garment enterprises have a zero-tolerance policy. However, some of them commented that not all businesses implement their policy well, and this is due to low awareness of violence and harassment and reluctance to talk about topics that are considered sensitive.

The majority of enterprise owners, managers and workers said that their workplace has adequate measures to prevent violence and harassment, such as having a workplace policy, the practice of considering violence and harassment, efforts to identify hazards and assess the risks, and training workers to identify hazards and risks to prevent and protect themselves. The rest of the enterprises

represented in the study have only a standard workplace policy on violence and harassment.

Most Vietnamese textile and garment enterprises have a maternity leave policy that complies with the Government's labour law and are reported to follow the standards set by ILO Maternity Protection Convention, 2000 (No. 183). Most participants also said that their enterprise has a paid paternity leave policy. Although the interviews highlighted some differences in practice across the sector, some enterprises have neither an explicit maternity nor paternity leave policy. Other evidence by the ILO shows there are gaps in maternity leave protection in the sector in Viet Nam.<sup>5</sup>

To better support working parents, some study participants suggested that their enterprise should subsidize more services but financial constraints and the lack of specialized departments are major barriers.

The study participants highlighted the following priority opportunities in addressing and enhancing gender equality in the sector:

- ▶ Increase public awareness of the issues and support and ensure the safety of victims when they come forward to report incidents of abuse.
- ▶ Develop a code of conduct based on a common definition of violence and harassment.
- ▶ Subsidize childcare costs or provide schooling at the workplace. This model has not been widely developed in Viet Nam because many enterprises do not have enough resources. Other activities that would support working parents include developing and requiring standards for women's hygiene areas, bathrooms, breastfeeding spaces and milk storage for nursing mothers, as well as organizing parent training programmes for workers.
- ▶ Recalculate child support payments for workers based on updated costs to reach a more satisfactory level. Currently, some businesses provide minimum support, at just enough to comply with local laws. These local laws should be reviewed towards increasing the availability and quality of child support.
- ▶ Provide safe routes for parents who take their children to work by motorbike, especially women (this is directed at the National Traffic Safety Committee).
- ▶ Support workers to return to work after family-related absences, in particular women (this is directed at the Government).

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<sup>5</sup> ILO, *Care at Work: Investing in Care Leave and Services for a More Gender Equal World of Work* (2022).

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