

FLA Audit Profile

Factory Code	650084139H
Country	Vietnam
FLA Affiliate	SanMar
Monitor	Global Standards
Audit Date	August 26-27, 2009
Products	Apparel
Processes	Cutting, sewing, finishing
Number of Workers	1314



FAIR LABOR
ASSOCIATION™

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Freedom of Association: B. Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/27/2009	External	FLA Independent External Monitoring	Global Standards	Noncompliance

Explanation: FLA comment: Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that the rights of workers to establish organizations of their own choosing implies . . . the effective possibility of forming . . . [trade unions] independent both of those which exist already and of any political party. Vietnam's legal framework is therefore not compatible with the ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with the FLA Code standard on Freedom of Association.

Plan Of Action: SanMar acknowledges that labor relations in Vietnam do not meet core ILO standards. We have discussed the matter with factory management and respect that they follow the current local law and industrial practices of Vietnam concerning Freedom of Association and the establishment of employee unions. SanMar remains supportive of legal and program initiatives by global organizations such as the ILO, non-governmental organizations and other multi-stakeholder initiatives working to raise awareness of good labor practices in Vietnam. In addition, we have requested that factory management establish an independent worker committee to function as a grievance channel as well as to represent workers in other employment related matters. The committee representatives shall be elected by the workers without interference by management.

Deadline Date: 12/31/2009

Supplier CAP:

Supplier CAP Date:

Action Taken: SanMar has started engagement with a partnership between the ILO and IFC working to improve standards based on ILO labor standards and the national laws of Vietnam. The meetings have been recent and introductory at this stage, and we are working on communications and other means to gain support for their work in Vietnam. Similarly, we encouraged all vendors to participate in recent FLA 3.0 meetings in Vietnam and approximately 9 vendors participated in initial meetings. We are following up in the next weeks with additional communications to vendors on both these programs to support engagement on the part of vendors.

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Miscellaneous: A. Code Awareness

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/27/2009	External	FLA Independent External Monitoring	Global Standards	Noncompliance

Explanation: It was noted that company codes were posted, but worker awareness of the codes and regulations on laws and union activity were generally low. Orientation training was conducted for all new workers on the 1st day of employment. The training contents include labor regulations, wages and benefits, Code of Conduct, HSE. There is no regular refresher training. The amount of time allowed for the review of code elements was short. A worker handbook was provided but few workers took the time to read it. Sources: Visual inspection, interview with management, interview with workers and review of training records.

Plan Of Action: In addition to orientation training currently provided by management, a refresher training shall be provided to all existing employees at least annually to reinforce awareness of local laws, union, factory regulations and SanMar's Global Operation Principles, giving special attention to changes during the year. Training records shall be documented.

Deadline Date: 01/31/2010

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Health and Safety: I. Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/27/2009	External	FLA Independent External Monitoring	Global Standards	Noncompliance

Explanation: From walkthrough: The fire detectors in warehouses were not connected to a central alarm control panel. These smoke detectors were battery operated consumer units. During the interview with management, there was a low awareness of risks in the material storage area and fire safety standards. Source: walkthrough, management interview
 Law: National standards TCVN 5738:2000 Automatic fire alarm system Technical requirements. The automatic fire alarm system must include at least: control center, fire detectors, manual alarm buttons, connectors and power source.

Plan Of Action: The factory has been asked to connect the smoke detectors to central alarm control panel. A staff representative shall be assigned to inspect all fire fighting equipment including smoke detectors at least once a week to ensure they are functioning at all times. Inspection records shall be documented.

Deadline Date: 11/30/2009

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Health and Safety: Q. Ventilation/Electrical/Facility Installation and Maintenance

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/27/2009	External	FLA Independent External Monitoring	Global Standards	Noncompliance

Explanation: According to document review, a test of ground connection and 0 connection of electrical equipment has not been conducted. During the interview with management, it was observed that there was low awareness of legal requirements on electrical safety, so factory did not conduct grounding test. Source: document review, management overview Law: National standards TCVN 4756-89 Electrical equipment in dangerous area is inspected one time per year.

Plan Of Action: The factory has been asked to conduct the ground connection test of all electrical equipment at least once a year and maintain the test report, as per legal requirement.

Deadline Date: 12/31/2009

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Health and Safety: R. Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly

guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/27/2009	External	FLA Independent External Monitoring	Global Standards	Noncompliance

Explanation: From document review: The factory lacks a safety inspection permit for the electric forklift. From the factory walkthrough: The top shelves of the fabric warehouse were not safely accessible with a forklift. During the interview with management, it was observed that the management has low awareness of legal requirements. In addition, the management does not closely monitor forklift safety practices. From worker interviews, it was found that workers use the forklift to reach materials boxes on the top shelves and to maintain fire detectors. Source: management interview, worker interview, walkthrough, document review Law: Circular 04/2008/TT-BLDTBXH Machines, equipment and supplies subject to strict labor safety requirements must be registered and verified before being put into use.

Plan Of Action: The factory is requested to register the electric forklift and maintain the safety inspection permit per legal requirement. Electric forklift safety operation awareness training shall be provided to the forklift operators to ensure all operational practices are strictly followed. Training records shall be documented. The factory shall assign a warehouse staff / manager to monitor the use of electric forklift properly.

Deadline Date: 12/31/2009

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Confidential

Comments:

Health and Safety: ZC. Other - Health and Safety

Other

650084139H – Vietnam: SanMar

Audit Date	Audit Type	Audit Scope	Auditor	Score
08/27/2009	External	FLA Independent External Monitoring	Global Standards	Noncompliance

Explanation: External environmental monitoring is not conducted regularly, as required by law and mentioned in the Environmental impact assessment report. From management interview, it was observed that there was low awareness of legal requirements, so the factory did not conduct external environmental monitoring regularly.
Source: Document review, management interview
Law: Law on environmental protection (52/2005/QH11)

Plan Of Action: The factory has been asked to conduct external environmental monitoring at least once a year and maintain the relevant monitoring report per legal requirement.

Deadline Date: 12/31/2009

Supplier CAP:

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