



2009

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Maxport Limited
COUNTRY: Vietnam
FACTORY CODE: 880084449H
MONITOR: OneStep Viet Co., Limited
AUDIT DATE: November 9-10, 2009
PRODUCTS: Jackets
PROCESSES: Material Warehouse, Cutting,
Sewing, Packing
NUMBER OF WORKERS: 696



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*Denotes a Notable Feature

Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Notable Feature

Explanation: The factory provides attendance bonuses; between VND 250,000 (about 3.5USD) and VND 400,000 (22.22 USD). The factory also provides a production bonus, accident insurance and daily lunch allowance to all workers.

Freedom of Association: 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)

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: An employee of this factory has the right to join (or not join) the trade union. We conduct annual training sessions for all workers. In addition, we delineate their right to become a trade union member by sending a voluntary letter to our factory's trade union. Training is imparted to new employees upon their hire; they are told about the collective bargaining agreement, suggestion boxes and hotlines. All employees are given documents on labor laws. Of the 680 employees, 352 are trade union members. (This includes 15 members of the Trade Union Committee).

Deadline Date: 04/30/2010

Action Taken: 1. The factory conducted annual training sessions on the collective bargaining agreement and other updates for all workers in April 2010.
2. The factory planned to admit about 100 workers who sent voluntary letters to factory's trade union.

Plan Complete:

Plan Complete Date:

Health and Safety: 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)

Noncompliance

Explanation: 1. During the factory tour, it was noted that: (a) There was no emergency light installed at the exit of the temporary raw material warehouse. (b) There were no records showing the battery life of each light. Therefore, we were unable to verify the sufficiency of the length for workers to escape in case of fire emergency. Law reference: In accordance with Vietnam Stand of Construction: 439/BXD-CSXD September 25, 1997 standard construction, Point: 11.6.1.5

2. Although photos (records) and a summary of the fire drill were provided, this information was not detailed enough (e.g., total time for workers to leave the premises, total time for the whole fire drill, etc.) to demonstrate that the factory had conducted a fire drill. Law reference: In accordance with Article No.9, Decree No. 35/2003/ND-CP date April 4, 2003 of Vietnam Government

3. During the factory tour, it was noted that “No Exit” signs were posted on 3 doors in the sewing section. However, the exit signs and emergency lights above these 3 doors were still lit. As a result, these signs and lights wrongly indicated an evacuation point. As per the management interview, these exits lead to areas that are under construction. Therefore, the factory should lock these 3 exits. Even with these doors locked, the factory still meets the requirements for the minimum number of emergency exits Law reference: In accordance with the Government Decision 35/2003/ND-CP dated on April 4, 2003 providing guidance on the Vietnam Law of Fire Fighting and Prevention, Article 9, Point 1.

Plan Of Action:

1. Point 1: (a) The factory will install emergency lights immediately. (b) The factory will develop a way to record the battery life of each light.
2. Point 2: The factory will have a meeting on evacuation improvement. The factory will also make sure that all safety team members have the same understanding and the same proper records. The factory will set up cameras showing the time/date on the photographs to see how well organized (and how quickly) the responses to evacuation are.
3. Point 3: The factory will turn off the exit signs and emergency lights above the 3 temporarily blocked doors in the sewing section.

Deadline Date: 11/11/2009



Supplier CAP: 1. The factory will work with the electrical team to install an emergency light at the temporary raw material warehouse. The factory will consult with the Compliance Department to update monthly emergency light checking form.

2. The factory is to have recap meeting with the Compliance Department meeting after the drill. IT Department is to help setup the cameras for showing the time/date in the photos to see when, how quickly and how well organized the response was.

3. The factory will work with the electrical team to turn off the 3 exit signs and emergency lights.

Supplier CAP 11/11/2009

Date:

Action Taken: 1. Emergency lights were installed immediately. The factory now conducts a monthly battery life test and records information about each individual light for the purposes of proper periodic maintenance.

2. The factory documented a meeting recap after the drill to discuss what can be improved. The cameras showing the time/date in the photos have been set up.

3. The 3 exit signs and emergency lights have been turned off.

Plan

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Plan

Complete

Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: During the factory tour, it was noted that waste material was stored with hazardous chemicals (oils, alcohols and petrol). Law reference: In accordance with Decree No.68/2005/ND-CP date 20 May 2005 - Article 16.

Plan Of Action:

1. The factory is to arrange a new, separate area to store hazardous chemicals (oils, alcohols and petrol).
2. The chemical store needs to be arranged with full safety information including chemical store regulation, MSDS, warning signs, the names of chemicals in (English and Vietnamese), secondary store tanks, fire-extinguishers, PPE for stock keeper.

Deadline Date: 01/06/2010

Supplier CAP: The factory will consult with the Compliance Department about safety standards in the chemical storage area.

Supplier CAP Date: 11/11/2009

Action Taken:

1. The factory arranged a new and separate storage area for hazardous chemicals (oils, alcohols and petrol).
2. The chemical store has been arranged with full safety information including chemical store regulation, MSDS, warning signals, name of chemicals in (English and Vietnamese), secondary store tanks, fire-extinguishers, PPE for stock keeper.

Plan Complete:

Plan Complete Date:

Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance



Explanation: 1. 10 out of 30 selected workers worked overtime on a daily basis; many of them exceeded the maximum legal limit of 4 hours. Some sewing workers worked up to 8 overtime hours in March 2009. Some packing and QA workers worked up to 12 overtime hours in June 2009. Workers informed the monitor that working long hours are difficult for workers, as they are tired the next day. Law reference: In accordance with Vietnam Labour Law, Article 69

2. From payrolls and attendance records reviewed during the audit: Between February and September 2009, it was found that the total overtime hours of 7 employees (selected out of a group of 30) ranged from 306 to 347. This exceeds the legal limit of 300 hours, as stipulated by Vietnamese Labor Law.

Plan Of Action:

1. Management will help workers in each sewing line improve their productivity. This way, they can do more in less time and earn a bonus for high productivity.
2. The factory plans to have more production facilities to anticipate the over-forecasted orders.
3. The factory made a working schedule with details for each month/week/day for 2010 with planned overtime under 300 hours. HR also has an overtime tracking record to report to management and make necessary alerts about excessive OT.

Deadline Date: 12/31/2009

Supplier CAP: An additional workshop has been built. This workshop has the capacity of up to 10 lines and will be operational in March 2010. Management also put a newly built factory into operation to increase capacity and can act as a backup for the current facility and to have better OT management.

Supplier CAP Date: 01/04/2010

Action Taken:

1. The factory made a working schedule with details of each month/week/day in 2010, with planned overtime under 300 hours. HR also has overtime tracking record to report to management and make necessary alert to see any potential of excessive OT.
2. At the factory, 1 more workshop has been built. This factory has a capacity of up to 10 lines.
3. A newly built annex factory has been in operation since January 2010. This new facility will help increase capacity and can also act as a backup for the current factory. This will help keep OT under control.

Plan Complete:

**Plan
Complete
Date:**

Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation: From payrolls and attendance records reviewed during the audit: It was noted that 20 out of 35 selected workers worked 3 to 4 Sundays during March and April 2009 (mechanical workers worked from March 2nd to 31st, 2009 without rest days); it was also found that workers worked 1 to 2 Sundays during May, July and August 2009 (mechanical workers worked from May 4th to 23rd, 2009 without rest days) Law reference: In accordance with Vietnam Labour Law, Article 69

Plan Of Action: The factory will help workers in each sewing line to improve their productivity so that they can do more in less time and earn a bonus from high productivity. This will help ensure that workers will have day off every 6 working days. The factory will review a task list of mechanical team and will arrange the workload to ensure that mechanical workers have a day off every 6 working days.

Deadline Date: 11/30/2009

Supplier CAP: For electric system setup and new machines installation, the workload is to be arranged to ensure that mechanical workers' OT shall not exceed 12 hours per week. A newly built annex factory has been in operation since January 2010. This new facility will help to increase capacity and can act as a backup for the current factory and help keep OT under control.

Supplier CAP Date: 01/04/2010

Action Taken: For electric system setup and new machines installation job, the workload had been arranged to ensure that mechanical workers have a day off every 6 working days. A newly built annex factory has been in operation since January 2010. This new facility will help to increase capacity and can act as a backup for the current factory and help keep OT under control.

**Plan
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Complete
Date:**

Hours of Work: Overtime/Calculation over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

Explanation: From payrolls and attendance records dated between February and September 2009: It was noted that 25 out of 35 selected workers worked 12.5 to 18 hours per week in February, March, April and May 2009 and 14-19 hours per week in June, July and August 2009 (especially mechanical workers). As per management interviews, due to the economic crisis in 2008, the factory had limited a number of workers to manufacture the repeated orders, therefore the excessive overtime occurred.

**Plan Of
Action:** The factory will help workers in each sewing line to improve their productivity. This way, they can do more in less time and earn a bonus for high productivity. This will help ensure workers will have a day off every 6 working days. Regarding the electric system setup and the new machine installation job, the workload had been arranged to ensure mechanic workers have a day off every 6 working days.



Deadline 11/30/2009
Date:

Supplier CAP: Regarding the electrical system setup and new machine installation, the workload is to be arranged to ensure that mechanic workers' OT shall not exceed 12 hours per week. A newly built annex factory has been in operation since January 2010. This new facility will help to increase capacity and can act as a backup for the current factory and help keep OT under control.

Supplier CAP 01/04/2010
Date:

Action Taken: A newly built annex factory has been in operation since January 2010. This new facility will help to increase capacity and can act as a backup for the current factory and help keep OT under control. Regarding electrical system setup and new machine installation, the workload will be arranged to ensure that mechanical workers' OT shall not exceed 12 hours per week.

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Plan
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Date:
