



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Maxport
COUNTRY: Vietnam
FACTORY CODE: 8800841054I
MONITOR: OneStep Viet Co., Ltd.
AUDIT DATE: June 15 – 16, 2010
PRODUCTS: Jackets
PROCESSES: Materials Warehouse,
Cutting, Sewing, QC, Finishing, Packing
NUMBER OF WORKERS: 1680

FLA Comment: Maxport Limited owned eight facilities when it joined the FLA as a Participating Supplier in 2009. In April 2017, Maxport Limited split into two companies which resulted in four out of eight factories ceasing to be under FLA scope, including the factory in this assessment. Due to the transfer in ownership, Maxport Limited is no longer responsible for the follow-up remediation of findings in the factories no longer under its business and that are no longer under FLA scope.

No retrenchment was caused by the business split, with most of the workers still employed by the respective factories; workers' right to compensation and benefits are adequately ensured. There were no negative impacts on workers as a result of the business split.

For an explanation on how to read this report, please visit the FLA website [here](#).



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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 (official holidays; annual leave; sick leave; severance and 13th month payments, etc.) to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: Female workers with children under 6 years old were not entitled to have any allowances as required by Vietnam Law.

Source: management interview

Legal reference: Labor Law, Article 116

Plan Of Action: Factory to study and implement this point from beginning of 2011.

Deadline Date: 01/31/2011

Supplier CAP: Factory to consult with Compliance and Human Resources Departments about allowances for female workers with children under 6 years of age.

Supplier CAP Date: 01/31/2011

Action Taken: Child care allowance has been implemented since January 2011. The number of female workers with children under 6 years old is currently 754. The child care allowance was mentioned in Maxport Wage policy of 2011. Child care allowance per child/per month is VND 40,000, based on Decree 49 ND-CP, dated May 14, 2010 by Vietnam Government. Since October 2011, factory increased the child allowance per child/per month from VND 40,000 to VND 50,000.

Plan Complete: Yes

Plan Complete Date: 01/31/2011

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: **Vietnam-Specific 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: Employees of [Factory name #1] have the right to join or not join the trade union. We conduct annual trainings for all workers delineating their right to become a trade union member by sending voluntary letter to our factory’s trade union. Training is imparted to new employees upon their hire. They are told about Collective Bargaining Agreement (CBA), suggestion boxes, and hotlines; they are also given documents of labor laws on the same. The factory has 1,200 trade union members out of 1,500 employees.

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:



Health and Safety: 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)

Noncompliance

Explanation: 1 electrical control panel in cutting section did not have inner guard covered for safety purposes.

Source: visual observation

Plan Of Action: Factory to install inner guard covered of electrical control panel for safety purposes.

Deadline Date: 06/17/2010

Action Taken: Inner guard covered of electrical control panel has been installed immediately.

Plan Complete: Yes

Plan Complete Date: 06/17/2010



Health and Safety: Food Preparation

H&S.25 All food made available to workers shall be prepared, stored, and served in a safe and sanitary manner in accordance with all applicable laws. All workers handling food shall be provided with the tools and equipment necessary to do so in a safe and sanitary manner. (S)

Notable Feature

Explanation: Canteen and kitchen were organized for serving 1,680 workers in 1 shift. It was very clean and comfortable for workers during the lunch time.

Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Notable Feature

Explanation: While workers are working at production area, there were a number of delivery people who provided safe drinking water for all workers at the workplaces.



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: 10 out of 35 selected workers worked from 14 to 15.5 hours per week in December 2009 (QC workers) and March and May 2010 (mechanics). Example: QC workers worked 14 hours December 1-6, 2009.

Sources: payroll and attendance record review (from June 2009 - May 2010)

Plan Of Action:

1. Management to help each worker in each sewing line improve their productivity, so they can do more in less time and achieve a bonus for high productivity by catching up with the OT plan.
2. To have more production facilities to anticipate over-forecast orders.
3. [Factory name #1] sent weekly OT tracking report in detail (day/week/month) to Board of Management in order to re-arrange production schedule to catch up with OT plan.

Deadline Date: 07/01/2010

Supplier CAP: Management looked at OT tracking report of [Factory name #1] to re-arrange production schedule between 4 factories to help [Factory name #1] catch up with OT plan. Maxport factory regulation and Maxport CBA indicate that weekly day off is Sunday and that each employee is entitled to a break of at least 1 day (24 consecutive hours) during a 7-day period. In case it is not feasible due to exceptional circumstances, a compensatory day off will be given immediately following the 7-day period.

Supplier CAP Date: 07/01/2010



Action Taken:

1. OT tracking report was sent weekly to Board of Management and Planning Manager.
2. 10 sewing lines of [Factory name #1] and 6 sewing lines of [Factory name #2] were in operation to increase capacity and back up for [Factory name #1].

The following actions were taken in 2011:

1. During last 6 months of 2010 and into 2011, the HR Department of [Factory name #1] made an OT tracking report to closely follow the production plan, in order to catch up with the yearly working plan of the year. Tracking report has been sent to the FLA for review.
2. Average worker's personal productivity at [Factory name #1] got up to 110% during 2011.
3. A new factory for Maxport, [Factory name #2], was in production, with 1,300 employees. [Factory name #1] extended to 8 sewing more lines with 400 workers, so production plan was managed well; workers arranged to work 8 hours per day, plus 1 more OT, except Saturday.

Plan Complete: Yes

Plan Complete Date: 07/01/2010

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: 10 out of 35 selected workers worked OT on Sunday in 1) December 2009 (QC workers) and 2) March and May 2010 (mechanics). Example: QC workers worked consecutively from December 1 - 12, 2009 without a rest day.

Sources: payroll and attendance record review (from June 2009 - May 2010) Law reference: Vietnam Law Article 72

Plan Of Action: 1. Management to help each worker in each sewing line improve their productivity, so they can do more in less time and achieve a bonus for high productivity by catching up with the OT plan.

2. To have more production facilities to anticipate over-forecast orders.

3. Factory 1 sent weekly OT tracking report in detail (day/week/month) to Board of Management in order to re-arrange production schedule to catch up with OT plan.

Deadline Date: 07/01/2010

Supplier CAP: Management looked at OT tracking report of [Factory name #1] to re-arrange production schedule between 4 factories to help [Factory name #1] catch up with OT plan. Maxport factory regulation and Maxport CBA indicate that weekly day off is Sunday, and that each employee is entitled to a break of at least 1 day (24 consecutive hours) during a 7-day period. In case, this is not feasible due to exceptional circumstances, a compensatory day off will be given immediately following the 7-day period.

Supplier CAP Date: 07/01/2010

Action Taken:

1. OT tracking report was sent weekly to Board of Management and Planning Manager.
2. 10 sewing lines of [Factory name #1] and 6 sewing lines of [Factory name #2] were in operation to increase capacity and back up for [Factory name #1].

The following actions were taken in 2011:

[Factory name #2] was in production with 1,300 employees. [Factory name #1] extended 8 more sewing lines with 400 workers, so production plan could run smoothly and the factory could arrange a working plan of 6 days per week; no need to work on Sundays, even for mechanics and QC workers.

Plan Complete: Yes

Plan Complete Date: 07/01/2010
