



2011

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL VERIFICATION REPORT*

COMPANY: Mountain Equipment Co-op
(MEC)

COUNTRY: Vietnam

FACTORY CODE: 410084414HV

MONITOR: OneStep Viet Co., Ltd

AUDIT DATE: September 6, 2011

PRODUCTS: Bags

PROCESSES: Cutting, Sewing, Packing

NUMBER OF WORKERS: 2050

*To read the original IEM report of this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).



CONTENTS:

| | |
|--|----|
| Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses | 3 |
| Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions | 4 |
| Wages, Benefits and Overtime Compensation: Production and Incentive Schemes | 6 |
| Forced Labor: Employment Records | 8 |
| Forced Labor: Employment Records | 9 |
| Forced Labor: Employment Records | 11 |
| Freedom of Association: Right to Freely Associate | 13 |
| Child Labor: Child Labor..... | 15 |
| Code Awareness: | 17 |
| Code Awareness: | 19 |
| Health and Safety: Health and Safety Management System..... | 21 |
| Health and Safety: Evacuation Requirements and Procedure | 24 |
| Health and Safety: Safety Equipment and First Aid Training..... | 27 |
| Health and Safety: Personal Protective Equipment | 29 |
| Health and Safety: Chemical Management and Training | 31 |
| Health and Safety: Material Safety Data Sheets/Worker Access and Awareness..... | 33 |
| Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance..... | 34 |
| Health and Safety: Machinery Maintenance and Worker Training..... | 36 |
| Health and Safety: Medical Facilities..... | 38 |
| Health and Safety: Food Preparation | 40 |
| Health and Safety: Drinking Water | 42 |
| Hours of Work: General Compliance Hours of Work | 43 |
| Hours of Work: Rest Day | 46 |
| Hours of Work: Time Recording System..... | 48 |
| Hours of Work: Overtime/Reduced Mandated Overtime | 49 |
| Hours of Work: Overtime/Calculation Over Period Longer Than One Week | 52 |

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: Best Practice: The factory provides benefits such as attendance bonus VND 50,000 (about 3 USD); transportation VND 50,000 (3 USD) and daily lunch allowance with VND 7,000 per meal for all workers.

**Plan Of
Action:**

**Deadline
Date:**

**Supplier
CAP:**

**Supplier
CAP Date:**

**Action
Taken:**

**Plan Yes
Complete:**

**Plan
Complete
Date:**

Wages, Benefits and Overtime Compensation: Deposit of Legally Mandated Deductions

WBOT.13 All legally mandated deductions for taxes, social insurance, or other purposes shall be deposited each pay period in the legally defined account or transmitted to the legally defined agency. This includes any lawful garnishments for back taxes, etc. The employer shall not hold over any of these funds from one pay period to the other unless the law specifies that deposits are to be made less frequently than pay periods (e.g., monthly deposits, weekly pay). If the law does not specify, then deposits shall be made before the next pay period in all cases. (S)

Noncompliance

Explanation: Legal benefits for juvenile workers: Factory uses some juvenile workers and did not sign employment contract, thus legal benefits such as social, health insurance and unemployment benefits were not provided.

Legal reference: Article 28 of Vietnam Labor Law

Sources: document review

Plan Of Action: The company to present findings and the legal requirements to supplier.

Deadline Date: 04/02/2010

Supplier CAP: The factory has decided to phase out the use of juvenile workers. Going forward the factory will only employ workers who are of age.

Supplier CAP Date: 04/02/2010

Action Taken: The factory has decided to phase out the use of juvenile workers. Going forward the factory will only employ workers who are of age.



Plan Complete: Yes

Plan Complete Date: 04/02/2010

Action Verified: No

Action Verified Text: Pending (September 6-7, 2011):

Per document review as well as management discussion, it was noted that 10 juvenile workers (were hired as seasonal workers) did not sign the Seasonal Contract with factory. Therefore legal benefits such as social, health and unemployment insurance were not properly provided.

Legal reference: Circular 17/2009/TT-BLĐTBXH, Article 1

Source: document review

Action Verified Date:

Follow-up Plan of Action: The above needs to be verified. MEC will be visiting the factory on Feb 23, 2011 to discuss the SCI OT. March 07,2011. The factory reaffirmed the above in the meeting with MEC on factory site.

November 13, 2011 (Factory Response):

The factory did not know about regulations for seasonal workers. Management has decided not to hire juvenile workers (including for seasonal work). The factory provided a copy of the CBA to MEC, citing Article 4 on Recruitment as evidence. MEC is organizing a meeting to discuss HR matters and management systems with the factory's senior management. MEC will have the factories policy regarding hiring reviewed by expert support. Target Date for completion is December 31, 2011.

May 15, 2012:

The factory has created a Child Labor policy. MEC had Global Standards review and they have confirmed it to be accurate as per Vietnamese Law and complete. This document is available upon request from MEC. The factory does not hire juvenile workers any more. To be confirmed during the visit in April 2013

COMPLETED (March 2014):

The factory joined Better Work Vietnam in 2013. The Better Work Assessment (August 20, 2013) did not note this finding as a noncompliance.

Wages, Benefits and Overtime Compensation: Production and Incentive Schemes

WBOT.6 Employers shall not set production targets, piece rates or any other incentive or production system at such a level that workers need to work beyond normal working hours as set under the FLA Code, excluding overtime, in order to make the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Noncompliance

Explanation: Time for health and safety check is not paid: Factory arranged annual medical check up for workers on October 25, November 1 and 8 (Sundays), however the factory did not calculate these hours as working hour for payment.

Sources: document review, management interview

Plan Of Action: Factory will ensure medical check up for workers will be conducted on a regular workday during low season (July/August). If it is conducted on a Sunday, the factory as agreed to remunerate workers properly for their participation.

Deadline Date: 04/20/2010

Supplier CAP: To comply with standard.

Supplier

CAP Date:

Action Taken: [Factory completed health checkup for 1900 workers.](#)

Plan Complete: [Yes](#)

Plan Complete Date: [08/10/2010](#)

Action Verified: [No](#)

Action Verified [Ongoing \(September 6-7, 2011\):](#)

Text: [The monitor asked for checking the compensation of annual medical check up for workers during October 25, November 1 and 8, 2009 \(Sundays\). It was noted that factory did not pay back to workers. During the past 2 years, factory did not arrange the medical checkup on Sundays thus this issue was no longer happened.](#)

[Sources: document review, management interview](#)

Action Verified Date:

Follow-up Plan of Action: [MEC will verify the above on Feb 23 2011. MEC and factory will review the SCI OT initiative.](#)

[March 07, 2011:](#) [The factory reaffirmed the above in the meeting with MEC on factory site.](#)

[November 13, 2011 \(Factory Response\):](#)

[The factory has paid back workers from 2009. The factory no longer schedules health exams on Sundays. MEC will conduct a verification audit in April 2013 to confirm.](#)

[COMPLETED \(March 2014\):](#)

The factory joined Better Work Vietnam in 2013. The Better Work Assessment (August 20, 2013) did not note this finding as a noncompliance.

Forced Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Noncompliance

Explanation: [New finding:](#) In reviewing of personnel profile of 40 randomly selected samples, it was found that 3 out of 40 sets of personnel profile did not have labor contracts

[Legal reference:](#) Vietnam Labor Law, Article 26,27,28,29 & 30

[Sources:](#) From personal profile review

**Plan Of
Action:**

**Deadline
Date:**

**Supplier
CAP:**

**Supplier
CAP Date:**

**Action
Taken:**

**Plan Yes
Complete:**

**Plan 11/13/2011
Complete
Date:**

**Action No
Verified:**



Action Verified Text: No

Action Verified Date:

Follow-up Plan of Action: [November 13, 2011 \(Factory Response\):](#)

The factory has carried out inspection of records for all employee profiles. All employee contracts have been found. MEC will conduct a verification audit in April 2013 to confirm

[COMPLETED \(March 2014\):](#)

The factory joined Better Work Vietnam in 2013. The Better Work Assessment (August 20, 2013) did not note this finding as a noncompliance.

Forced Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify

compliance with this Code provision. (P)

Noncompliance

Explanation: [New finding:](#) In reviewing of personnel profile of 40 randomly selected samples, it was found that 3 out of 40 sets of personnel profile did not have labor contracts

[Legal reference:](#) Vietnam Labor Law, Article 26,27,28,29 & 30

[Sources:](#) From personal profile review

**Plan Of
Action:**

**Deadline
Date:**

**Supplier
CAP:**

**Supplier
CAP Date:**

**Action
Taken:**

**Plan Yes
Complete:**

**Plan 11/13/2011
Complete
Date:**

**Action No
Verified:**



Action Verified Text: [November 13, 2011 \(Factory Response\):](#)
The factory has inspected the records of all employee profiles. All employee contracts have been located. MEC will conduct a verification audit in April 2013 to confirm this.

Action Verified Date:

Follow-up Plan of Action:

Forced Labor: Employment Records

F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Noncompliance

Explanation: [New finding:](#) In reviewing of personnel profile of 40 randomly selected samples, it was found that 3 out of 40 sets of personnel profile did not have labor contracts

[Legal reference:](#) Vietnam Labor Law, Article 26,27,28,29 & 30

[Sources:](#) From personal profile review

Plan Of Action:

Deadline Date:

Supplier CAP:

Supplier CAP Date:

**Action
Taken:**

**Plan
Complete:** Yes

**Plan
Complete
Date:** 11/13/2011

**Action
Verified:** No

**Action
Verified
Text:** No

**Action
Verified
Date:**

Follow-up [November 13, 2011 \(Factory Response\):](#)

**Plan of
Action:** The factory has carried out inspection of records for all employee profiles. All employee contracts have been found. MEC will conduct a verification audit in April 2013 to confirm.

[COMPLETED \(March 2014\):](#)

The factory joined Better Work Vietnam in 2013. The Better Work Assessment (August 20, 2013) did not note this finding as a noncompliance.

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: The current collective bargaining agreement expires shortly. The factory will renegotiate a new one in July 2010. In terms of the State sanctioned union, the factory will continue to comply with the current government practice.

Deadline Date: 04/20/2010

Supplier CAP: MEC supports the current union structure for obvious political reasons.

Supplier CAP Date: 06/30/2010

Action Taken: No sure what the factory can do, as Vietnam is unique in terms of organized labor.

Plan Complete: Yes

Plan Complete Date: 01/10/2012

Action Verified: No

Action Verified Text: Pending (September 6-7, 2011):

All of the workers are members of the trade union, VGCL. The current collective bargaining agreement is effective since November 23, 2010 and is valid for 3 years. The Collective Bargaining Agreement (CBA) involves topics on working hours, wages and benefits, apprentice and probation, labor health and safety, reward and discipline, labor dispute settlement, labor target. The monitors did not observe any unreasonable issues within the CBA.

Action Verified Date:

Follow-up Plan of Action: November 13, 2011 (Factory Response):

The factory sent the Collective Bargaining Agreement to MEC to review and confirm action complete. Target Completion Date - December 31, 2011 May 15, 2012 - Factory has created a CBA. MEC had Global Standards review and they have confirmed it to be accurate as per Vietnamese Law and complete. This document is available upon request from MEC.

COMPLETED (March 2014):

The factory joined Better Work Vietnam in 2013. The Better Work Assessment (August 20, 2013) did not note this finding as a noncompliance.

Child Labor: Child Labor

CL.2 Employers shall not employ children younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15. (S)

Noncompliance

Explanation: [New finding:](#) Historical Child Labor In reviewing of personnel profile of 18 randomly selected juvenile workers, the monitor discovered that one worker was born in 1996. This employee started working at factory in 2011 at age 14.

Legal reference: Vietnam Labor Law, Article 6 & 120

Sources: documents review, worker interview

**Plan Of
Action:**

**Deadline
Date:**

**Supplier
CAP:**

**Supplier
CAP Date:**

**Action
Taken:**

**Plan Yes
Complete:**

**Plan 11/13/2011
Complete
Date:**

Action Verified: No

Action Verified Text:

Action Verified Date:

Comments: [September 14, 2011 \(MEC STEP Audit\):](#)

No juvenile workers were found during MEC's STEP audit; however, factory hired at least 8 young workers as seasonal workers in peak season (June-July 2011) without special treatment as required by law.

[November 13, 2011 \(Factory Response\):](#)

The factory will note this case. There are no longer any juvenile workers, but in the case of seasonal workers, we will have them sign a "Seasonal Contract." All seasonal workers will be over the age of 18. MEC will conduct a verification audit in April 2013 to confirm.

[COMPLETED \(March 2014\):](#)

The factory joined Better Work Vietnam in 2013. The Better Work Assessment (August 20, 2013) did not note this finding as a noncompliance.

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.

Noncompliance

Explanation: The FLA affiliated company has not provided a Code of Conduct (in local language) for workers and manager and undertaken the efforts to educate employees about the standards on a regular basis.

Source: management interview

Plan Of Action: The FLA conclusion is inaccurate. MEC has provided a COC in Vietnamese but has known for a time that some (unknown quantity) do not post MEC's COC or posts it when MEC is present. More important than posting the COC is if workers/managers actually reads and understands it. MEC has engaged a consulting firm in China to help re-launch its COC and in particular, develop novel ways to reach out to workers. MEC is looking at fall 2010 to pilot this initiative.

Deadline Date: 09/30/2010

Supplier CAP: For budgetary reasons, MEC froze the initiative of redeveloping it's COC, worker grievance channel in Sept 2010. As of Jan 2011, this initiative is restarted.

Supplier CAP Date: 01/31/2011

Action Taken: We will re-engage ****factory representative**** to complete the COC and worker grievance channel. Projected date to have revised draft material is May 2011 and re-launch in factories summer 2011.

Plan Complete: Yes

Plan Complete Date: 12/13/2011

Action Verified: No

Action Verified Text: Pending (September 6-7, 2011):

During the observation, there was no Code of Conduct poster provided at production areas where workers can read for reference. As advised by the factory representative, formerly the COC poster was posted in the canteen but someone has removed it.

Sources: COC review, factory tour

Action Verified Date:

Follow-up Plan of Action: Due to budgetary constraints, MEC froze this project. In February 2011, it was unfrozen and target date for implementation is June 2011.

November 22, 2011:

MEC will send the Code of Conduct to the factory by the end of November 2011.

November 13, 2011 (Factory Response):

The factory hired a HS Specialist and has sent his qualifications to MEC for review by the consultants. Target Completion Date - December 31, 2011

Completed (December 2011):

MEC sent a copy of the Code of Conduct in local language on December 13, 2011. MEC updated our Code of Conduct and will bring the updated and translated document to the factory in April 2013.

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: The FLA affiliated company has not established a secure communication channel so that the employees can report to them on non-compliance of criteria quoted in the Code of Conduct.

Source: management and worker interviews

Plan Of Action: MEC has a worker email hotline throughout the world and telephone hotline in China, HK and Taiwan (hotline was closed in early 2010). The worker hotline and emails are being reviewed as part of a larger exercise involving the COC. See previous finding. Proposed pilot of revised worker outreach fall 2010. The factory will also install confidential suggestion boxes and will train workers to use them.

Deadline Date: 09/30/2010

Supplier CAP: Install suggestion box. Train workers to use them.

Supplier CAP Date: 04/20/2010

Action Taken: Two suggestion boxes have been installed in front of the security house and in the canteen area. Workers have been trained to use them and to discuss concerns first with their line supervisor and then with their manager.

Plan Complete: Yes

Plan Complete Date: 01/04/2012

Action Verified: No

Action Verified: Pending (September 6-7, 2011):

Text: During the management discussion, it was noted that no secure communication channel has been established for employee so that they can report the MEC on the noncompliance of criteria quoted in the Code of Conduct

Sources: CoC review, factory tour

Action Verified Date:

Follow-up Plan of Action: MEC will verify on Feb 24, 2011. On March 07, 2011 the factory reaffirmed the above in the meeting with MEC on factory site.

November 13, 2011 (Factory Response): The factory will ensure suggestions and their respective actions are communicated to the workers. Please refer to attachment depicting the factory's efforts on educating workers on how to use the suggestion box. MEC recommended that the location of the grievance box be put in a private area where workers feel comfortable to submit a comment. MEC will send the factory an example for developing a grievance management system, of which suggestion boxes are just one aspect. Target Completion Date - December 31, 2011 – January 2012. Global Standards reviewed policy and stated it is okay. Item Complete. This document is available upon request from MEC.

January 2013:

MEC does have an email address that is provided to workers on our Code of Conduct that is posted at the facility. Workers are also given Global Standard's phone number should they prefer this method of communication. MEC's new Code, which will be provided to the factory in April 2013, MEC is requesting factory management conduct an information session to all workers on the changes to the Code. They will be requested to also educate workers on the confidential grievance channel.

Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Noncompliance

Explanation: 1. H&E in charge person: Factory has more than 2000 workers but no full-time employee charged with health and safety in the factory.

2. Health and Safety inspection: The factory has a safety committee but no health and safety inspection has been conducted.

3. Assessment of working condition analysis (measuring such: dust, noise, wind, light etc.): During the document review and management interview, it was noted that the latest assessment of working condition analysis had conducted since 2006

Legal reference: Joint Circular 01/2011/TTLT-BLDTBXH-BYT, Chapter II

Sources: document review, management interview

Plan Of Action: Ensure factory complies with standards in terms of:

1. A person responsible for health and safety

2. Conduct safety inspection

Deadline Date: 04/20/2010

Supplier CAP: Factory will hire one full time nurse and stock a clinic room. The Chair of the Safety Committee is also responsibility for HSE. The factory was assessed for HSE issues. The issue of poor illumination was raised and the factory is planning to install appropriate lights.

Supplier CAP Date: 02/16/2011

Action Taken: Partially.

Plan Complete: Yes

Plan Complete Date: 02/22/2011

Action Verified: No

Action Verified Text:

1. ESH Committee: Pending The factory representative noted that the factory had appointed a person in charge for Health & Safety for monitoring all HSE matters. However, there were no supporting documents revealing this appointment.
2. ESH Inspection Report: Pending From the information provided by the factory representative, the Health and Safety committee was not active since HR manager resigned on January 2011. Therefore, Health and Safety inspection was not regularly conducted.
3. Assessment of working condition analysis: Ongoing From document review, noted that factory has conducted the assessment of working condition analysis on June 6, 2011. However, the report indicated that "lighting" criteria (measured at Sewing, Cutting sections) noted as 35, which exceeded the standard of VN Labor Law. Although the assessment demonstrates non-compliance with the standards, no corrective action has been taken to improve the lighting at the factory.

Legal reference: According to Decision 3733/2002/QĐ-BYT, Joint Circular 01/2011/TTLT-BLĐTBXH-BYT. Chapter II

Sources: document review.

**Action
Verified
Date:**

**Follow-up
Plan of
Action:** Will verify on Feb 2011. On March 07,2011 the factory reaffirmed the above in the meeting with MEC on factory site.

September 14, 2011 (MEC STEP Audit):

EHS Committee was established and meets monthly with written meeting minutes. However, the committee does not inspect the factory's health and safety monthly and no clear assignment of the safety officer.

October 5, 2011 (MEC meeting at the factory):

MEC highly recommends and supports the implementation of a HS Specialist/Manager responsible for solid HS policies, programs, process and procedures. MEC stressed to the factory that this position must be empowered to advise and action change.

November 13, 2011 (Factory Response):

The factory hired a HS Specialist and sent his qualifications to MEC for review by the consultants. MEC will review at the verification audit in April 2013.

Update (2013 Cycle Better Work Report):

ONGOING: Factory has appointed ****Worker Name**** for responsibility of EHS items. She has EHS training obtained in 2012. Currently under management review is the hiring of two full-time OHS officers. The factory does have a Labour Protection Council composed of 9 workers

ONGOING: ****Worker Name**** conducts monthly EHS tours with checklist. The factory has developed an OHS plan.

PENDING: Factory plans to conduct a formal risk assessment in 2014.

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. Emergency Light: Emergency lighting system was not installed at all emergency exit doors. Factory only posted exit signs at exits.

2. Blocked Fire Extinguishers: Several fire extinguishers in material warehouse and production floor have been blocked

3. Fire Alarms: Factory uses one type of alarm to beginning and end of work shift, lunch break, and for fire emergency. Workers can not distinguish alarm in case of fire

4. Evacuation Maps: Evacuation maps were too small. It led the difficulty to the reader to observe in case of emergency. Several maps were obstructed by stray fabric.

New finding: During the observation at various production areas (materials warehouse, Sewing, finishing section) monitors found several emergency routes obstructed by goods. Several emergency escape routes between 2 lines were designed with less than 1.1 m of width, which is required by law.

Legal references: Decree No. 35/2003/ND-CP, Article 14, Vietnam Standard of Construction 439/1997/BXD-CSXD, Decree No. 35/2003/ND-CP date 4 April 2003, Decree No. 35/2003/ND-CP date 4 April 2003, Decree No. 35/2003/ND-CP date 4 April 2003 - Article 9 – 1b

Sources: factory tour, factory tour, management interview

Plan Of Action: Ensure factory complies with standards.

Deadline Date: 04/20/2010

Supplier CAP: Install proper lighting, alarm and fire procedures.

Supplier CAP Date: 04/20/2010

Action Taken: Factory has installed emergency lighting. Escape route maps have been enlarged. Access to fire extinguishers and a fire alarm that is discernible to the issue needs to be investigated by the company.

Plan Complete: Yes

Plan Complete Date: 08/31/2010

Action Verified: No

Action Verified Text: 1. Emergency Light: Pending From the factory observation, noted that emergency lights were not installed at every exit. The factory partially installed the lights of exit sign system at some locations nearby the exits. Several emergency staircases were not installed with emergency evacuation lights.

2. Blocked Fire Extinguisher: Pending Observed at most production areas (materials warehouse, cutting, sewing & finishing areas), noted that fire equipment are still blocked by stuffs.

3. Fire Alarm: Completed Another specific alarm system with music tone is set up for alerting workers at the beginning & ending of work shift and lunch breaks.

Completed: All evacuation maps were posted on large boards and visible displayed to the readers for observing in case of emergencies.

Legal reference: Decree No. 35/2003/ND-CP, Article 9 – 1b, Vietnam Standard 7435-1 & 2:2004

Source: factory tour



**Action
Verified
Date:**

Follow-up Will verify on Feb 23, 2011. Some lights are installed. Installation in progress. Access to
Plan of alarms and extinguishers have been unblocked.

Action:

September 14, 2011 (MEC STEP Audit):

Many aisles between production lines were obstructed by materials and products. Fire alarm systems is not tested regularly.

October 4, 2011 (MEC's meeting at the factory):

MEC suggests this is an HS Specialist/Manager's area of responsibility.

November 13, 2011 (Factory Response):

The factory has the correction in progress. The factory hired a HS Specialist and has sent his qualifications to MEC for review by the consultants. Photographs of completion were provided to MEC on November 14, 2011. Documents are available upon request.

Completed (March 2014):

MEC confirmed this to be completed after a factory visit.

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: The factory has not conducted annual first aid training for workers since 2007

Legal reference: Circular No.09/2000/TT-BYT date 28 Apr 2000 – Part III – 3

Sources: document review, factory tour

Plan Of Action: Motivate factory to comply

Deadline Date: 03/01/2010

Supplier CAP: Train workers in first aid.

Supplier CAP Date: 03/08/2010

Action Taken: Factory trained 30 workers in first-aid at the factory hospital.

Plan Complete: Yes

Plan Complete Date: 03/08/2010

Action Verified: No

Action Verified: Pending (September 6-7, 2011):

Text: First-aid Training was conducted on March 25, 2010 expired on March 25, 2011. During the observation, also found several 1st aid boxes were empty.

Legal reference: A Circular No.09/2000/TT-BYT, Part III – 3

Sources: document review

Action Verified Date:

Follow-up Plan of Action: November 13, 2011 (Factory Response):

The factory confirmed that first-aid training was conducted in September. Please refer to photograph. MEC recommended that factory appoint a senior manager for health and safety with proper training. The person will be in charge of restocking the first aid boxes and train workers regularly. MEC will follow up at verification audit in April 2013.

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: Workers are not allowed to wear shoes/slippers to production floor. Factory does not provide shoes or slippers for workers.

Source: factory tour

Plan Of Action: Investigate this outstanding issue.

Deadline Date: 04/20/2010

Supplier CAP: Provide and encourage workers to wear slippers if not their own shoes.

Supplier CAP Date: 04/20/2010

Action Taken: Factory explained that workers do not want to wear slippers even when provided. Factory claims to provide slippers but was unable to demonstrate that it did. Issue is outstanding. Will return to issue with factory in July or August 2010.

Plan Complete: No

Plan Complete Date: 11/23/2010

Action Verified: No

Action Verified: Pending (September 6-7, 2011):

Text: From the observation at sewing areas, still found workers were not wearing their shoes/slippers while operating with sewing machine. This poor practice may harm workers with sudden electrical shocks.

Legal reference: Vietnam Labor Law, Article 95

Source: From factory tour

Action Verified Date:

Follow-up Plan of Action: This is a contentious issue between workers and management. To this end, MEC will promote this with the factory management rather than push the resolution of wearing slippers. This was updated on Feb 2, 2011.

October 4, 2011 (MEC's meeting at the factory): MEC observed no PPE in embroidery room, inconsistent use of PPE throughout factory. Need to get to the point where workers know it is apart of their job to wear PPE. This is an area of responsibility for a HS Specialist/Manager.

November 13, 2011 (Factory Response):

The factory notes this as an ongoing challenge. The factory has employed a HS Specialist. Photograph of PPE provided to the FLA. MEC will follow up at the verification audit in April 2013. As MEC will be present for the audit, we will have another discussion encouraging the factory to provide mats under machines, should the workers not wish to wear shoes. It will also be asked of the factory that they provide an education session on the importance of wearing all PPE. MEC is visiting the factory in March 2014. We will provide an update the status of this item upon completion of this visit.

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: 1. Hazardous chemicals (acetone, glue) were stored together with other stuffs such tanks of drinking water, waste paper etc.

2. No secondary container provided at machine oil storage areas, some oil leaked on the floor and to the drain.

3. Glue bottles were unlabeled.

Plan Of Action: Separate storage of hazardous chemicals from waste paper and drinking water. Label glue bottles and provide secondary container for oil containers.

Deadline Date: 04/02/2010

Supplier CAP: Separate storage of hazardous chemicals from waste paper and drinking water. Label glue bottles and provide secondary container for oil containers.

Supplier CAP Date: 06/02/2010

Action Taken: Storage of chemicals separated. Glue bottles labeled. Secondary containment for the external oil tanks was built.

Plan Complete: No

Plan Complete Date: 04/02/2010

Action Verified: No

Action Verified: Pending (September 6-7, 2011):

Text: At various sections: material preparation, sewing, finishing & chemical warehouse etc., still found chemical tanks were not clearly labeled.

In the oils chemical storage area, factory still has not provided the secondary containers for avoiding the oils leaked on the floor and drain.

Sources: factory tour.

Action Verified Date:

Follow-up Plan of Action: MEC is not satisfied with the results and the fixes may not be up to industry best practice.

Action: October 4, 2011 (MEC's meeting at the factory):

MEC observed - Glue is stored outside the factory with proper fire extinguishers; MSDS sheets are posted. The factory is now recording issuance. However, there is no management system to ensure sustained control.

November 13, 2011 (Factory Response):

The factory stated that all workers understand the risks with using chemicals. HS Specialist will address issue. MEC will follow up at verification audit in April 2013

Completed (March 2013):

This item was noted this as complete. MEC will confirm this during the March 2014 visit.

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: During the factory tour, it was noted that there was no MSDS available for the use of Chemical at Warehouse and in point of use.

Source: factory tour, management interview

Plan Of Action: Prepare MSDS

Deadline Date: 04/02/2010

Supplier CAP: Prepare MSDS

Supplier CAP Date: 04/02/2010

Action Taken: MSDS prepared for BUGJO 45 and acetone.

Plan Complete: Yes

Plan Complete Date: 04/02/2010

Action Verified: No

Action Verified Text: [Pending:](#)
No Vietnamese language MSDS were provided at chemical storage area or at point of use.
[Sources: factory tour, document review](#)

Action Verified Date:

Follow-up Plan of Action: [Will confirm in Feb 2011.](#)
[October 4, 2011 \(MEC's meeting with the factory\):](#) MEC suggested management should ensure sheets are clearly posted and understood by all workers.
[November 13, 2011 \(Factory Response\):](#) The factory confirmed they are using MSDS sheets. HS Specialist will continue to ensure sheets are kept up-to-date. A photograph of the MSDS was sent to the FLA. MEC will follow up at verification audit in April 2013
[Completed \(March 2013\):](#)
The item was noted this as complete. MEC will confirm this during the March 2014 visit.

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: [New finding:](#) The inner guards of most electrical control panels were uncovered.

[Legal reference:](#) Decision 35/2003/ND-CP, Article 9, Point 1.

[Sources:](#) factory tour

**Plan Of
Action:**

**Deadline
Date:**

**Supplier
CAP:**

**Supplier
CAP Date:**

**Action
Taken:**

Plan Yes
Complete:

Plan 09/14/2011
Complete
Date:

Action No
Verified:

**Action
Verified
Text:**

**Action
Verified
Date:**

Follow-up This item was not noted during the MEC STEP Audit on September 14, 2011. The factory
Plan of provided a photograph of the electrical box, showing that it was not blocked and that it
Action: also proper coverage for the wires. A photograph was sent to the FLA for review. MEC
will follow up at verification audit in April 2013

Completed (March 2013):

The item was noted as complete. MEC will confirm this during the March 2014 visit.

Health and Safety: 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)

Noncompliance

Explanation: Lack of Plexiglas on the BATAK machines. There was also a lack of upper and lower pulley guards for approximately 10% sewing machines (especially old machines).

Source: factory tour

Plan Of Action: Encourage factory to install protective devices.

Deadline Date: 04/02/2010

Supplier CAP: Install missing Plexiglas and protective guards.

Supplier CAP Date: 04/02/2010

Action Taken: Factory is in the process of installing the Plexiglas guards.

Plan Complete: Yes

Plan Complete Date: 04/02/2010

Action Verified: No

Action Verified Text: [Ongoing \(September 6-7, 2011\):](#)
Most sewing machines were not installed with needle guards. It was noted that approximately 50% sewing machines lacked Plexiglas or upper/lower pulley guards.

[Legal reference: Vietnam Labor Law, Article 98](#)

[Source: factory tour](#)

Action Verified Date:

Follow-up Plan of Action: [To verify in February 24 2011](#)
[October 4, 2011 \(MEC's meeting at the factory\):](#)
MEC emphasized the importance of training with regards to HS in order to ensure workers are operating equipment safety.

[November 13, 2011 \(Factory Response\):](#)
The factory is in the process of purchasing sewing machine PPE and should have them all installed in one year. Target Completion Date is November 13, 2012.MEC will follow up at verification audit in April 2013

[Ongoing \(2013\):](#)
The factory stated: "We equipped 70% of needle guards, eye shields, and drive belt guards. The factory will provide 80% of all guard installation by the end of 2013." MEC will confirm this during the 2014 March visit.

Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation: Factory has more than 2000 workers but there is only 1 nurse.

Legal reference: Circular 14/BLDTBXH-BYT-TLDDLVDN

Source: Management interview, document review

Plan Of Action: Ensure adequate health care providers are available. (Need to determine if ratio of workers and 1 nurse is sufficient).

Deadline Date: 04/20/2010

Supplier CAP: Ensure adequate health care providers are available.

Supplier CAP Date: 03/18/2010

Action Taken: One full-time nurse has been employed by the factory. Her presence is augmented by 30 workers who have received first aid training.

Plan Complete: Yes

Plan Complete Date: 01/04/2012

Action Verified: No

Action Verified: Ongoing (September 6-7, 2011):

Text: The factory signed a Contract with a doctor under “part-time” term. Per information stated up the Contract, the doctor only is on duty one day per week instead of full time for caring the health issue for workers working at factory.

Legal reference: Joint Circular 01/2011/TTLT-BLDTBXH-BYT, Chapter II

Sources: From document review.

Action Verified Date:

Follow-up Plan of Action: October 4, 2011 (MEC's meeting at the factory):

MEC confirmed through consultants that having a contract for an on-call doctor from the nearest hospital is acceptable with local law for meeting the requirement of having a doctor at the factory.

November 13, 2011 (Factory Response):

The factory has a contract with the local hospital. The factory has provided MEC with a copy of the contract between the factory and the hospital. MEC is having it reviewed by the consultants. Target Completion Date - December 31, 2011

May 15, 2012:

A 3rd party monitor reviewed contract with local hospital and has confirmed completion. Document available upon request

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)

Noncompliance

Explanation: Most of canteen workers did not wear faces mask while delivering cooked foods

Legal reference: Decision 41/2005/QD-BYT of The Ministry of Health

Source: factory tour

Plan Of Action: Ensure workers wear masks.

Deadline Date: 04/02/2010

Supplier CAP: Ensure workers wear masks.

Supplier CAP Date: 04/02/2010

Action Taken: Factory provided masks but workers are not wearing them.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action [Ongoing \(September 6-7, 2011\):](#)

Verified

Text: During the observation at the canteen, still found workers did not wear gloves and face-mask while delivering food for workers

Legal reference: Decree 163.2004/NĐ-CP, Article 15, Clause 1.

Sources: factory tour

Action

Verified

Date:

Follow-up MEC witnessed food service workers donning masks only when MEC was present. Issue
Plan of remains outstanding. Food service contracted out. Need to figure out how to change
Action: worker habits.

[November 13, 2011 \(Factory Response\):](#)

The factory consistently asks staff to wear the masks when delivering food. Ongoing issue which requires more attention. MEC will follow up at the verification audit in April 2013.

[Completed \(March 2014\):](#)

This was not noted as a violation. MEC will reconfirm status of this finding during the March 2014 visit.

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)

Noncompliance

Explanation: The drinking water testing was conducted in year 2006 instead of every 3 months. The management said that due to lack of update on legal requirement thus management was not aware of this requirement.

Legal reference: Decision 4128/QD-BYT of the Ministry of Health.

Sources: document review and management interviews

Plan Of Action: Ensure drinking water is safe. Have tested by respective authority.

Deadline Date: 03/02/2010

Supplier CAP: Ensure drinking water is safe. Have tested by respective authority.

Supplier CAP Date: 03/02/2010

Action Taken: Factory had the water tested by authorities on March 11. Drinking water met standards.

Plan Complete: Yes

Plan Complete Date: 03/11/2010

Action Verified: No

Action Verified Text: Completed:
From document review, noted that factory has already conduct the drinking water testing on August 2011.
Source: From document review and management interview

Action Verified Date:

Follow-up Plan of Action: MEC verified the reports (as provided by the factory).
November 13, 2011 (Factory Response): The factory explained that they conduct water testing every three months. The water was last tested in September and will be again in December, and so on. A violation was noted because the factory forgot to run the June test. They will try to not forget again. MEC will review during the verification audit in April 2013
Completed (2013):
An internal audit confirmed the completion of this action plan.

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. Working hours of juvenile workers Through working time records review from November 2008 to October 2009, it was noted that 7 selected juvenile workers worked 8 hours/day and work OT from 1 up 3 hours per day

Source:

2. Excessive annual overtime limit: It was noted that 5 randomly selected workers at the sewing line worked from 374.6 to 413.5 hours overtimes. (10 months). Total overtime hours were exceeded 300 hours per year as law requirement.

New finding:

1. Excessive daily overtime: In reviewing of time records from August 2010 to July 2011, it was noted that 45 out of 45 workers (from different production sections: Sewing, QC, Packing, Maintenance, Buttoning) worked from 4-5 hours per day during the most recent 12 months. One sewing worker did 4.5 hours of OT on July 12, 2011.

2. Pregnant workers working OT during the 7th month of pregnancy: It was noted that 3 out of 45 randomly selected samples of pregnant were 7 months pregnant and working 8 hour days. These workers also worked daily OT and Sundays. One pregnant worker in the sewing section worked 4.5 hours of OT on June 22, 2011.

Legal reference: Vietnam Labor Law, Article 122 , Vietnam Labor Law, Article 115, Vietnam Labour Law, Article 69

Sources: attendance records review, document review, management and worker interviews

Plan Of Action: Encourage factory to comply with working hours.

Deadline Date: 04/02/2010

Supplier CAP: Comply with OT hours.

Supplier CAP Date:

Action Taken:

Plan Complete: No

Plan Complete Date: 01/04/2012

Action Verified: No

Action Verified: Pending (September 6-7, 2011):

Text:

1. From document review, factory currently hires juvenile workers working in the factory; it was found 10 juvenile workers out of 45 workers randomly selected worked 8 hours per day. Besides, those juvenile workers also worked overtime on weekdays and Sundays. One QC juvenile workers work on July 7, 2011, a Sunday.

2. Excessive annual overtime limited: The review of the time records of 30 randomly selected workers revealed that the workers worked in excess of 300 overtime hours from January to August 2011. The number of total overtime hours ranged from 310 to 582 hours annually.

Legal reference: Vietnam Labor Law, Article 69, Article 119, 121 & 122

Sources: document review, worker interviews

Action Verified Date:

Follow-up Plan of Action:

OT is an ongoing issue in factories because of high and low seasons. Any solution requires a broader industry approach. MEC is working on this from a factory and industry level perspective.

October 4, 2011 (MEC's meeting at the factory):

While there aren't any juvenile workers still in the factory's workforce, the factory must meet their legal obligation. November 13, 2011 (Factory Response) - The factory has decided to phase out the use of juvenile workers. Going forward the factory will only employ workers over the age of 18.

January 2012: GS reviewed policy and stated it is okay. Item Complete. Documents available upon request.

MEC sends early production projections to the factory to help decrease our impact on overtime hours. MEC will follow up on the status of overtime hours during the April 2013 verification audit.

ONGOING:

The factory will keep working towards controlling OT by adjusting monthly orders and the production schedule. MEC will review this during the March 2014 visit.

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: Several workers worked on one weekly rest day (Sunday November 22, 2009).

Legal reference: Vietnamese Labour Law, Article 72

Source: record review

Plan Of Action: Ensure 1 day in 7 off.

Deadline Date: 04/02/2010

Supplier CAP: Ensure 1 day in 7 off.

Supplier CAP Date:

Action Taken: Factory has implemented Sunday off. If a worker works Sunday, they will get another day off in lieu. Effective immediately.

Plan Complete: Yes

Plan Complete Date: 04/02/2010

Action Verified: No

Action Verified: Pending (September 6-7, 2011):

Text:

In reviewing of time records from August 2010 to July 2011, 45 randomly selected workers (from different sections - sewing, QC, packing, maintenance, buttoning) worked from 1 to 4 Sundays a month during the last 12 months. One sewing worker worked from July 8 to 26, 2011 (consecutively 19 days without rest day).

Legal reference: Vietnam Labour Law, Article 72

Source: time record review

Action Verified Date:

Follow-up Plan of Action: Will verify. Lack of 7th day of rest and excessive OT is common. Factory is pursuing SCI OT to address this. Started in Jan 2011.

November 13, 2011 (Factory Response):

Factory explained the finding: This matter happened with a small number, not all workers, about 10-15% and only in July. Factory will try to limit these cases. MEC will follow up on the status of the factory's efforts towards providing at least one day in seven off during the verification audit in April 2013

ONGOING:

The factory will keep working towards controlling OT by adjusting monthly orders and the production schedule. MEC will review this during the March 2014 visit..

Hours of Work: Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation: Manual time recording: Current time record of workers is manually recorded by supervisors but not by workers themselves.

Plan Of Action: Introduce a more secure time record system.

Deadline Date:

Supplier CAP: Introduce a more secure time record system.

Supplier CAP Date: 04/02/2010

Action Taken: Factory has introduced a finger print attendance system. It is being rolled out throughout the factory.

Plan Complete: Yes

Plan Complete Date: 04/02/2010

Action Verified: No

Action Verified: [Ongoing \(September 6-7, 2011\):](#)

Text: Since April 2010, factory installed fingerprint system to record the attendance for workers so that workers can record their time records by themselves. However, the monitor still found the manual time record. Attendance records for seasonal workers were recorded by their supervisors.

Action Verified Date:

Follow-up: Device was rolled out. Verified in discussions on Feb 2011.

Plan of Action: [November 13, 2011 \(Factory Response\):](#)

Factory confirmed they have stopped all manual time records. MEC will follow up on the status during the verification audit in April 2013

[Completed:](#)

During a 2013 internal audit, this issue was noted as completed. MEC will confirm this during March 2014 visit.

Hours of Work: Overtime/Reduced Mandated Overtime

HOW.8 The employer shall demonstrate a commitment to reduce overtime and to enact a voluntary overtime system, including for overtime mandated to meet extraordinary business circumstances. (P)

Noncompliance

Explanation: [Mandatory Overtime: Workers are not freely leaving the factory after shift ends, workers have to send the written application for leave to manager for approval when they do not want to work overtime.](#)

Plan Of Action: [End mandatory OT](#)

**Deadline
Date:**

**Supplier
CAP:** End mandatory OT

**Supplier CAP
Date:** 04/02/2010

**Action
Taken:** Factory has provided OT requirements the Thursday before the next workweek. Workers can plan in advance and seek to not work OT in advance (still require signatures). MEC sees this a first stage to ending mandatory OT.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 01/04/2012

**Action
Verified:** No

**Action
Verified** Pending (September 6-7, 2011):

Text: From document review, the monitor discovered that workers still have to submit a written application for leave to upper manager for approval when they are unable to work overtime. As OT is treated volunteer and it is no need to get approval from the managers at the factory.

Sources: document review, worker interviews



**Action
Verified
Date:**

**Follow-up
Plan of
Action:** As of Nov 2010, Factory has ended mandatory OT. MEC will verify in summer 2011. Factory has also embarked on SCI OT to address the excessive OT and mandatory OT. This box was updated on February 2011.

November 13, 2011 (Date of Factory's response): A voluntary sign-up form will be provided for workers a week in advance. The factory provided a voluntary overtime record sheet. MEC is having it reviewed by the consultants for guidance. Target Completion Date - December 31, 2011 Jan 2012 - GS reviewed policy and stated it is okay. Item Complete. Documents available upon request

ONGOING: The factory will keep working towards controlling OT by adjusting monthly orders and the production schedule. MEC will review this during the March 2014 visit.

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: Excessive weekly hours: It was noted that 30 out of 35 selected workers worked 62 to 69 hours per week in December 2008; January, April, May, June, July, October, 2009.

Source: attendance records review.

Plan Of Action: Work to meet OT requirements.

Deadline Date: 04/02/2010

Supplier CAP: Work to meet OT requirements. Factory is under going Phase 1 of FLA SCI OT with FLA accredited consultant.

Supplier CAP Date:

Action Taken: Work to meet OT requirements. Outstanding issue of excessive OT. MEC is taking a factory and industry-wide approach to addressing this issue.

Plan Complete: No

Plan Complete Date:

Action Verified: No

Action [Pending \(September 6-7, 2011\):](#)

Verified

Text:

In review of time records from August 2010 to July 2011, 45 randomly selected workers (from different production sections: Sewing, QC, Packing, Maintenance, Buttoning) worked 62-80 hours per week during the last 12 months. One sewing workers worked 80 hours during July 11 to 17, 2011

Sources: attendance records review

Action

Verified

Date:

Follow-up

Plan of

Action:

Factory has pursued SCI OT as of Jan 2011.

[November 13, 2011 \(Factory Response\):](#)

Last year the factory did more than 450 overtime hours (January to August 2010). In 2011, they have decreased the overtime hours to 320.

[May 2, 2012 \(Factory Comments\):](#)

Factory confirms that the decreasing OT trend is continuing as productivity is increase, the OT hours are going down. MEC will review the status of overtime hours during the verification audit in April 2013.
