2011

Fair Labor Association
Independent External Verification Report*

COMPANY: SanMar
COUNTRY: Vietnam
FACTORY CODE: 650084918GVV
MONITOR: OneStep Viet Co., Limited
AUDIT DATE: September 12, 2011
PRODUCTS: Apparel
PROCESSES: Cutting, Ironing, Packing
NUMBER OF WORKERS: 413

*To read the 2010 IEV report of this factory, please visit the FLA website here.
To read the 2008 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.

FAIR LABOR ASSOCIATION

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FAIR LABOR ASSOCIATION

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)

Noncompliance

Explanation: New Finding (September 2011): 2 sewing workers did not receive compensation for 0.5 day of untaken annual leave. 6 QC workers did not receive compensation for 1 day of untaken annual leave. 1 packing worker did not receive the compensation for 2 days of untaken annual leave.

Sources: document review, management discussion

Legal Reference: Vietnam Labor Law, Article 74

Plan Of Action: Factory is requested to establish an annual leave policy and a procedure for paying workers for any untaken and remaining annual leave. HR Department is responsible for monitoring the annual leave taken and ensuring all untaken annual leave is paid correctly and timely.

Deadline Date: 12/01/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

FAIR LABOR ASSOCIATION

Wages, Benefits and Overtime Compensation: General Compliance Wages, Benefits and Overtime Compensation

WBOT.1 Employers shall comply with all local laws, regulations and procedures concerning the payment of wages and benefits, including overtime compensation. In any case where laws and the FLA Code are contradictory, the standard that provides the greatest protection for workers shall apply. Where provisions are lacking, employers shall take measures to reasonably accommodate matters concerning the payments of wages and benefits, including overtime compensation. (S)

Noncompliance

Explanation: Insufficient overtime calculation from 28,633 - 90,574 VND noted for at least 2 workers whose piece-wage per hour was more than 10,000 VND in April and May 2008. Factory paid a lump sum amount of 5,000 VND for each hour of overtime. This was a practice used until May 2008; from June 2008, management changed to a different method.

Sources: document review (payroll review from June 2007 to June 2008), management discussion

Legal Reference: Vietnam Labor Law, Article 61, workers doing overtime work shall be paid wages as follows: weekdays 150%; weekend days 200%; holidays and paid leave 300%.

Plan Of Action: Factory should review the salary policy to ensure that the overtime calculation pays amounts equal to or greater than the required amounts stipulated by Vietnam Labor Laws. Factory management must ensure that revised policies are appropriately communicated to workers and supervisors.

Deadline Date: 05/01/2011

Action Taken: February 2009: Factory has implemented a revised overtime compensation system to ensure that the standard hourly rate is calculated by taking into account the monthly rate or piece rate for all workers. This ensures any overtime premium, as required by Vietnam Labor Laws, is calculated appropriately at 150%, 200% or 300% of standard hourly rate, multiplied by the overtime hours. SanMar conducted a follow-up audit in February 2009 and noted that the revised system and calculations appear to be in accordance with Vietnam Labor Law, Article 61.

July 2011: SanMar conducted a follow-up audit in July 2011 and noted that the factory paid the correct overtime premium for piece-rate workers.

Plan Complete:	Yes
Plan Complete Date:	07/28/2011
Action Verified:	No
2010 IEV Details	Pending: Wage policies for OT appear to be correct, but could not be fully verified due to lack of records and double books on OT. Plan of Action: SanMar Compliance Staff met with factory management March 28, 2011, to ensure they are clear about our expectations and requirements, as well as to confirm that management is committed to keeping current with all labor laws, including those relating to the payment of accurate wages and overtime. Factory is also requested to improve its monitoring and recording systems to ensure all information is accurate and consistent. SanMar will monitor the progress of transparency and improvement to ensure that calculations of hours and payments meet legal requirements.
2010 Action Verified Date:	
2011 IEV Details	Completed: Since 2009, factory started using law reference (Article 61: overtime compensation shall be paid wages as: weekdays 150%; weekend days 200%; holidays and paid leave 300%.) as the basis for calculating overtime for workers. Per verification of overtime compensation, it was noted that the overtime compensation is made correctly. Sources: document review, management discussion

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Wages, Benefits and Overtime Compensation: Payment for All Hours Worked

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Noncompliance

Explanation: New Finding (September 12, 2011): Randomly found that 3 housekeepers who work 2 shifts (1st shift, 6am -2:00pm; 2nd shift 2:00pm-10:00pm) did not receive OT compensation when they worked OT that was less than 1 hour. For example, 1 housekeeper worked from 6:00am-2:44pm July 25, 2011, but did not receive OT compensation for those 44 minutes of OT).

Sources: time records, payroll review

Legal Reference: Vietnam Labor Law Article 68, Decree 114/2002/ND-CP, Article 10, Circular 14/2003/TT-BLDTBXH, Part V, Point 2

Plan Of Action: Factory is requested to review the compensation system and associated calculations to ensure all overtime work is compensated as per the premium stipulated by Vietnam Labor Law.

Deadline Date: 12/01/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

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Wages, Benefits and Overtime Compensation: Overtime Compensation for Piece Rates and Other Incentive Schemes

WBOT.12 Employers shall not set production targets, piece rates, or any other incentive or production system at such a level that the payment for overtime work performed is less than the premium pay required by law. (S)

Noncompliance

Explanation: For piece-rate workers, incorrect OT pay for break times noted when workers worked more than 2 hours of OT per day since June 2008. (Before June 2008, factory used a different calculation). Factory included 30-minute breaks into total OT to calculate hourly wage for workers [total piece-wage/total worked hours (including 30-minute dinner break each day) = hourly wage), which is incorrect. This caused 4 workers who worked more than 2 OT hours on 9 days in June to lose from 1,560-7,475 VND in June 2008. Correct calculation should be [OT wage = total piece-wage wage/total worked hours (NOT including 30-minute break, as no product made during break) = hourly wage].

Sources: document review (payroll review from June 2007-June 2008), management discussion

Legal References:

1) Government Decree 114/2002/ND-CP, Article 10, Sections 1, 2 and 3 regarding overtime calculation. Overtime compensations = Hourly rate (total piece wage divided total work hours) *150%, 200% or 300%*OT hours. OT calculation is based on actual piece wage if that worker earns on piece wage

2) Circular 15/2003/TT-BLDTBXH, of Ministry of Labor and Invalid and Social Affairs, giving guidance of the Government Decree 109/2002/ND-CP, regarding overtime work requirements. Article 2, Point 2.1, Paragraph E: Workers are entitled to a 30-minute dinner break and shall be included as overtime hours, if they have to work more than 2 overtime hours per day.

Plan Of Action: Company has discussed this practice with management and reviewed this calculation as legally required and reviewed salary policy and legal requirements and ensured overtime premium is paid according to Government Decree 114/2002/ND-CP, Article 10, Sections 1, 2 and 3.

Deadline Date:	05/01/2011
Action Taken:	February 2009: Factory management has revised the compensation system to exclude the 30-minute meal break in the calculation of PT compensation. SanMar conducted a follow-up audit in February 2009 noting the revised system. Calculations appear to be accurate and in accordance with Government Decree 114/2002/ND-CP, Article 10, Sections 1, 2 and 3. July 2011: SanMar conducted a follow-up audit in July 2011 noting that the OT policy has been correctly updated to consider break times. We noted that the newly instituted policy has been posted in a prominent place near the production floor and importantly, factory managers have provided training on this revised policy to all workers. During worker interviews, they all confirmed these details and each worker understood the policy correctly.
Plan Complete:	Yes
Plan Complete Date:	07/28/2011
Action Verified:	No
2010 IEV Details:	Pending: Pay policies for OT appear to be correct, but could not be fully verified due to lack of records and double books on OT. Plan of Action: SanMar Compliance Staff met with factory management March 28, 2011 to ensure they are clear about our expectations and requirements, as well as to confirm that management is committed to keeping current with all labor laws, including those relating to the payment of accurate wages and overtime. Factory is requested to improve its monitoring and recording systems to ensure all information is accurate and consistent. SanMar will monitor the progress of transparency and improvement to ensure that payment for all hours worked meets legal requirements.
2010 Action Verified Date:	

2011 IEV Details:	Completed: 30 minutes of break were paid as OT compensation if workers worked more than 2 hours of OT per day. Per verification of OT compensation, noted that OT compensation was made correctly. Sources: document review (time records, payroll (September 2010-August 2011))

Wages, Benefits and Overtime Compensation: False Payroll Records

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

Noncompliance

Explanation:	New Finding (December 13, 2010): Time records shown to monitors were not complete, authentic or accurate. Some extra OT hours and Sunday work were not recorded on timecards, but were shown on OT volunteer forms and/or piece rate records. These hours are reportedly paid separately in cash outside the regular payroll. Monitors were unable to verify the accuracy of hours and pay due to the double-books system and the failure to provide full records.
Plan Of Action:	SanMar Compliance Staff met with factory management March 28, 2011 to ensure they are clear about our expectations and requirements, as well as to confirm that management is committed to keeping current with all labor laws, including those relating to the payment of accurate wages and overtime. Factory is requested to improve its monitoring and recording systems to ensure all information is accurate and consistent. SanMar will monitor the progress of transparency and improvement to ensure that documentation maintained is authentic and accurate.
Deadline Date:	12/01/2011
Action Taken:	July 2011: SanMar conducted a follow-up audit and noted inaccurate records from 2 days at the security guard station; however, factory managers and workers suggested that these were mistakes and not indicative of misleading records. Factory maintained that they are aware of these mistakes and again confirmed and appeared committed to providing us with complete and accurate records. We will continue to monitor controls and information covering accurate time and salary recordkeeping during future visits.

Plan Complete:	No
Plan Complete Date:	
Action Verified:	No
2011 IEV Details:	Ongoing: Factory currently used 2 sets of attendance records in November 2010. The first set only shows normal work hours and acceptable OT hours. The second set is for excessive OT and Sunday work. Sources: document review (time record review), management discussion Plan of Action: Factory is aware that 2 sets of attendance records recorded before November 2010. Based on continued and direct dialogue with factory management, they appear to better understand the need for transparent, accurate and complete recording systems and they appear to have remediated this issue. Manager and in-line production supervisors are now responsible for accurate recording of time records. We will continue to monitor the authentic and accurate nature of records during all future visits and audits.

FAIR LABOR ASSOCIATION

Forced Labor: Forced Overtime

F.14 The imposition of mandatory overtime beyond the limits set by the law, a freely negotiated collective bargaining agreement, and/or the FLA Code, in an environment where a worker is unable to leave the work premises, constitutes forced labor. (S)

Noncompliance

Explanation: There is no evidence to prove overtime work is voluntary. No voluntary overtime registration maintained, although all interviewed workers confirmed they can refuse overtime work without problems.

Sources: document review, management discussion

Plan Of Action: Factory has been asked to create an overtime worksheet to ensure that overtime work is done on a voluntary basis. If the employees do not want to work overtime, they will not sign the overtime worksheet.

Deadline Date: 10/31/2008

Action Taken: Factory management established a voluntary overtime registration form and have trained supervisors and workers to clearly understand that overtime is voluntary and that employees are to sign the form only when they agree to work overtime. Factory management communicated that employees would not be penalized if they refuse to work overtime. SanMar conducted a follow-up audit noting these new forms have been maintained by factory since February 2009

Plan Complete: Yes

Plan Complete Date: 02/25/2009

Action Verified: Yes

2010 IEV Details:	Completed: OT sign-up registration system has been developed and workers sign these forms daily when there is overtime.
2010 Action Verified Date:	12/13/2010
2011 IEV Details	Completed: Factory developed a written OT registration policy very clearly mentioning that OT is voluntary and that workers are free to refuse overtime at any time. Workers were trained on this topic in June and July 2011. Sources: document review, worker interviews

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Forced Labor: Other - Forced Labor

Other

Noncompliance

Explanation:	Factory does not have a written policy on forced labor. The issue was not mentioned during record review, observation and worker interviews. Sources: management discussion, document review
Plan Of Action:	Factory must establish a written policy on forced labor. A training course shall be arranged to ensure that employees understand the policy.
Deadline Date:	10/31/2008

Action Taken:	Factory management established a written forced labor policy and communicated the contents to all workers. SanMar conducted a follow-up audit in July 2009 noting that a formal training on this new forced labor policy was provided by management to employees on March 28, 2009. Training records with workers' signatures reviewed and information corroborated and confirmed during SanMar's interviews with workers, noting that workers also understood the elements of the new policy. Also, all workers interviewed confirmed that they were not aware of any cases of noncompliance by management regarding this new policy.
Plan Complete:	Yes
Plan Complete Date:	07/08/2009
Action Verified:	Yes
2010 IEV Details:	Completed: Written policy signed August 15, 2008. Training provided to all workers April 29, 2010.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: Factory already developed written policy on forced labor. Workers were also trained on this topic in June and July 2011. Sources: document review, management/workers discussion

FAIR LABOR ASSOCIATION

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: 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.

Deadline Date: 12/01/2011

Action Taken: February 2009: Factory management respects and follows Vietnam laws concerning FOA. An employee union has been established, as per local law. The union chairman has been elected by employees and factory has established a grievance system for all employees. Employees have the ability to raise their concerns to Factory Director and HR Department has procedures in place to investigate filed grievances and to communicate findings to employees directly.

July 2011: SanMar conducted a follow-up audit in July 2011 noting that factory continues to follow local legal practices and has a legal trade union. Unfortunately, no additional worker committees or similar independent union of any kind have been established. SanMar has again discussed the importance of such mechanisms and encouraged factory to establish representative committees to act as grievance channels in the near future. We will monitor these actions and will continue to provide guidance and information to train management on the benefits of strengthening these mechanisms as opportunities arise.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

Action Verified: No

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

Plan of Action: SanMar discussed with factory management the advantages and best practices associated with independent worker committees and the ability for these to effectively act as grievance channels. As part of this discussion, we discussed the requirement that committee representatives be elected by the workers without interference by management and that all grievances received shall be filed.

2010 Action Verified Date:

2011 IEV Details: Ongoing: Factory respects to follow the current local law and industrial practices of Vietnam concerning Freedom of Association and the establishment of trade union. We have continued to encourage enhancement to existing communication channels between workers and management and will continue to provide feedback and suggested best practices through our ongoing work at this factory and in the region.

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Harassment or Abuse: Discipline/Written Disciplinary System

H&A.5 Employers shall maintain a system of written disciplinary rules, procedures and practices. Disciplinary rules, procedures and practices shall be clearly communicated to all workers. (P)

Noncompliance

Explanation: There is no written policy on anti-harassment and abuse in this factory; no procedure developed to handle complaints; and no suggestion box available in the factory for workers to raise complaints or concerns. Factory only has a Factory Regulation, which generally cites factory rules and regulations, but not in detail.

Sources: document review, worker interview, management discussion

Plan Of Action: Factory is requested to establish a written policy on anti-harassment and abuse. A letter box is provided for employees to raise their concerns.

Deadline Date: 10/31/2008

Action Taken: Factory management established an anti-harassment and abuse policy and communicated the contents to all workers. A suggestion and complaint box is available for all workers to raise complaints or concerns. SanMar conducted a follow-up audit in July 2009 noting that a formal training on this new anti-harassment and abuse policy had been provided by management to employees on March 28, 2009. Training records with workers' signatures reviewed and information corroborated and confirmed during SanMar's interviews with workers, noting that workers also understood the elements of the new policy. All workers interviewed confirmed that they were not aware of any cases of abuse or harassment by management at the factory.

Plan Complete: Yes

Plan Complete Date: 07/08/2009

Action Verified: Yes

2010 IEV Details:	Completed: Written policy signed August 15, 2008. Training provided to all workers April 29, 2010. Suggestion boxes placed in workshops and canteen with clear procedures. However, no letters have been received according to management.
2010 Action Verified Date:	12/13/2010
2011 IEV Details	Completed: Factory already developed the written policy on anti-harassment and abuse in the factory. There was also a procedure for handling workers' complaints as well. Observed at canteen, toilets, time card punching areas, noted that 3 suggestions were provided for workers. Besides, workers were trained on this topic in June and July 2011. Sources: document review, management/workers discussion

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Child Labor: Other - Child Labor

Other

Noncompliance

Explanation:	Factory does not have detailed policy on child labor. Also, there is no procedure developed to ensure child labour is not used, even though there was no child labour identified during worker interviews, document review and observation. Sources: document review, worker interview, management discussion
Plan Of Action:	Factory must establish a written recruitment policy with details on hiring procedures to ensure no child labor is used.
Deadline Date:	10/31/2008

Action Taken:	Factory established a written child labor policy and procedures surrounding recruitment and hiring. In addition, during all new employee orientations, factory's HR Department checks the new worker's original ID card to verify their age. No child labor was identified during visits in February 2009.
Plan Complete:	Yes
Plan Complete Date:	02/25/2009
Action Verified:	Yes
2010 IEV Details:	Completed: Written policy signed August 15, 2008. Training provided to all workers April 29, 2010.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: Factory already developed a written policy on child labor. This policy also cites the method of how to ensure the child labor is not used. Workers trained on this topic in June and July 2011.

FAIR LABOR ASSOCIATION

Non-Discrimination: **Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)**

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Noncompliance

Explanation:	New Finding (December 13, 2010): Job announcement posted at factory gate shows discriminatory bias. Factory says it is recruiting a "female" HR manager and women for buttoning, pressing and labeling jobs. Staff and management think this is reasonable and do not understand non-discrimination principles.
Plan Of Action:	SanMar Compliance Staff met factory management March 28, 2011, to explain principles of non-discrimination. Factory management confirmed their understanding and have confirmed that future job announcements will not include any type of discriminatory bias.
Deadline Date:	05/01/2011
Action Taken:	SanMar conducting a follow-up audit in July 2011 noting no discriminatory bias was found during recruitment.
Plan Complete:	No
Plan Complete Date:	07/28/2011
Action Verified:	Yes

FAIR LABOR ASSOCIATION

2011 IEV Details: Completed: During on-site observation at factory main gate, no job announcements posted. However, monitor also asked factory management regarding discrimination, if mentioned needing "female" workers for their specific areas. Factory management confirmed that they removed this practice quite a long time ago, since the external monitor emphasized this in the previous IEV. It no longer mentions specific genders on job announcements.

Sources: factory observation, management interview

2011 Action Verified Date: 09/12/2011

Non-Discrimination: **Other - Non-Discrimination**

Other

Noncompliance

Explanation: Factory does not have any policy or procedures regarding non-discrimination. Factory only has regulation mentioning very generally that "factory will not discriminate workers," but no procedure to ensure it will not happen.

Sources: document review, management discussion

Plan Of Action: Factory is requested to establish a written policy on non-discrimination and communicate to all employees.

Deadline Date: 10/31/2008

Action Taken: Factory management established a written non-discrimination policy and communicated the contents to all workers. SanMar conducted a follow-up audit in July 2009 noting that a formal training on this new non-discrimination policy had been provided by management to employees on March 28, 2009. Training records with workers' signatures reviewed and information corroborated and confirmed during SanMar's interviews with workers, noting that workers also understood the elements of the new policy. In addition, all workers interviewed confirmed that they were not aware of any cases of noncompliance of this new policy by management.

Plan Complete:	Yes
Plan Complete Date:	07/08/2009
Action Verified:	Yes
2010 IEV Details:	Completed: Written policy signed August 15, 2008. Training provided to all workers April 29, 2010.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: Factory has already developed a written policy on non-discrimination. Workers trained on this topic in June and July 2011. Sources: document review, worker interviews, management/workers discussion

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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:	Factory did not communicate the company's Code of Conduct (COC) to workers. All interviewed workers said that they did not know about the company's COC elements. Sources: factory tour, worker interviews, management discussion
Plan Of Action:	Factory should arrange training at least once a year and communicate the company's COC to all employees to ensure they understand the company requirements.

Deadline Date:	
Action Taken:	SanMar Global Operating Principles (GOP) in English, Chinese and Vietnamese are posted in factory. However, during worker interviews by SanMar staff in February 2009, workers confirmed that they did not know the elements of the GOP. SanMar discussed with factory management that they need to provide training on their GOP. Management has confirmed that this training will be provided and documented at least annually.
Plan Complete:	Yes
Plan Complete Date:	07/08/2009
Action Verified:	Yes
2010 IEV Details:	Completed: COC posters posted in English, Chinese and Vietnamese for SanMar with hotline number and email for SanMar USA. A small copy of the COC is also provided to every worker. Training has been conducted yearly and workers are aware of code. They know about hotline contacts, but have not yet tried to use them.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: All workers have been trained on the COCs of clients (including SanMar). Also observed during factory tour, the SanMar COC has been updated (both English and Vietnamese versions) and posted at the factory. Sources: observation, worker interviews, management discussion

FAIR LABOR ASSOCIATION

Health and Safety: Written Health and Safety Policy

H&S.3 Employers are required to develop, maintain and regularly review a written health and safety policy. The policy must, at the very least, be aimed at complying with legal minimum safety and health standards, regulations and procedures. (P)

Noncompliance

Explanation:	Factory does not have a health and safety policy in place. Sources: document review, management discussion
Plan Of Action:	Factory is requested to establish a written policy on health and safety.
Deadline Date:	10/31/2008
Action Taken:	Factory assigned a staff member to monitor internal health and safety issues and has established a written health and safety policy. SanMar has reviewed the policy and has conducted a follow-up audit in July 2009 to review the documented findings of the most recent inspection performed by the factory. The inspection was February 28, 2009 and the factory in compliance with TCVN 3733/2000/QD-BYT.
Plan Complete:	Yes
Plan Complete Date:	07/08/2009
Action Verified:	Yes
2010 IEV Details:	Completed: Written policy signed August 15, 2008. Training provided to all workers April 29, 2010.
2010 Action Verified Date:	12/13/2010

2011 IEV Details: Completed: Factory already developed a H&S policy. Workers trained on this topic in June and July 2011.

Sources: document review, management discussion

Health and Safety: Communication to Workers

H&S.6 The health and safety policy shall be communicated to all workers in the local language or language(s) spoken by workers if different from the local language. (P)

Noncompliance

Explanation: Factory did not provide any training on health and safety to workers.

Sources: worker interviews, management/workers discussion

Legal Reference: Circular 37/2005/TT-LDTBXH dated on December 29, 2005, regarding regulation on health and safety training, Point 2; employer is required to provide health and safety training for its workers upon employment and to retrain them annually.

Plan Of Action: Factory must communicate the health and safety policy and provide health and safety training to employees annually to ensure they understand the health and safety issues.

Deadline Date: 10/31/2008

Action Taken: Factory management sent 28 employees to an external health and safety training on November 1, 2008 and a certificate has been granted to all participants. However, SanMar noted during the first follow-up visit that not all workers had received training in health and safety. Following this visit, the factory agreed that all workers who required training had completed training on August 26, 2009. SanMar has reviewed training records with workers' signatures noting compliance.

Plan Complete: Yes

Plan Complete Date: 08/26/2009

Action Verified:	Yes
2010 IEV Details:	Completed: H&S refresher training organized June 30, 2010.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: Factory conducted health and safety training in July 2011. Sources: management discussion, document review

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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. No fire alarms noted in accessory or finished warehouses. Fire alarms on production floors do not have instructions or visible signs (press button in box without indication). Some aisles in material warehouse blocked by material.

2. No procedure noted for checking emergency lighting system (no evidence to prove how long emergency battery light will last). 1 emergency light in finished warehouse has been disabled.

3. Fire inspection on March 9 found several exit doors locked. Auditors also found 3 exit doors locked during working time, 1 in material warehouse and 2 in stitching/ production area. Several exits marked as "exits" that management says are not or should not be used for security reasons. All marked exits required by government approved fire plan should be unlocked and usable during working hours.

Sources: factory tour, management discussion

Plan Of Action:

1. Factory has been asked to install fire alarms in accessory and finished warehouses. Dire alarm instruction and a visible sign shall be affixed in production floors. All aisles shall be clear at all times.

2. Factory is requested to check emergency lights every week. Factory has been advised to assign a personnel responsible for checking.

Deadline Date:

05/01/2011

Action Taken:

February 2009: SanMar noted the following:

1. Factory assigned a staff member to check aisles every day and ensure that they were free of obstruction. Yellow lines marked on floor to ensure no materials blocked and placed on aisles.

2. Factory assigned a person in-charge of fire fighting team to check performance of fire fighting equipment every week and to maintain proper records. All fire fighting equipment was well functioning; however, no fire alarm had been installed in the accessory warehouse or finished goods warehouse and there still was insufficient instructions and signs in all areas.

July 2009: SanMar agreed appropriate actions with factory and conducted a follow-up audit in July 2009 to confirm compliance. During follow-up visit, SanMar noted that all aisles continued to be free of obstruction. Factory installed automatic smoke detectors in fabric warehouse, accessory warehouse and finished goods warehouse. Fire alarm buttons were installed in accessory warehouse, finished goods warehouse with instruction and visible signs are adequate. SanMar had additional comments based on certain fire safety instructions and visible signs and factory management made the necessary changes and updates and provided visual evidence back to SanMar on August 21, 2009.

July 2011: SanMar conducted a follow-up audit in July noting that the appropriate government certification of fire alarm system was available. Emergency lights were randomly checked in the finishing warehouse and materials warehouse, noting that they are all functioned properly. Inspection of fire fighting equipment checklist was maintained and available for review.

Plan Complete: No

Plan Complete Date:

Action Verified: No

2010 IEV Details: Pending: Fire alarms were installed in accessories and finished warehouse, but government certification of the system was unavailable to show monitors. Factory has procedure for maintenance to test emergency lights 2 times per month, but it is not clear this is effective. 1 emergency light found to be not operating normally during audit, although it was checked as fine 10 days earlier. Fire extinguishers are also checked, but not carefully, several covered in dust and cobwebs so that fill gauge was not even visible.

Plan of Action: Factory is requested to ensure that all government certifications, including those related to fire alarm systems are available and up to date. Factory management confirmed their commitment to the enhancement of maintenance and testing procedures related to the emergency lights and fire equipment and we have requested that testing take place at least 3 times per month.

2010 Action Verified Date:

2011 IEV Details: Completed:

1. Accessories and finished goods warehouses, instruction and signs (press button) have been posted at every fire alarm. Aisles (at materials warehouse) were clear.

2. Factory currently checks all emergency lights every month. Report of checking records indicated possible duration of emergency battery. Monitors randomly tested emergency lights; they were working well.

Sources: factory tour, management discussion

New Finding (September 12, 2011): The width of several emergency routes was less than 1.1 meters as required by Vietnam Law. Several emergency routes obstructed by stuff at cutting area.

Source: factory tour Legal Reference: Decree No. 35/2003/ND-CP, Article 14

Plan of Action: Factory is requested to redesign the production area layout and ensure that the width of emergency routes meet the legal requirement. Factory is requested to assign personnel responsible for checking emergency routes and ensuring that they are free of obstruction at all times.

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:	None of the first aid kits had a CPR manual. Some first aid kits blocked by material. Source: factory tour Legal Reference: Circular 09/2000/BYT of the Ministry of Health dated on April 28, 2000, which provides guidance on health care for workers in medium and small enterprises, factory is required to provide first aid kits and first aid procedures (CPR).
Plan Of Action:	Factory has been asked to provide CPR procedures and to document its policy on the frequent monitoring of all first aid kits.
Deadline Date:	10/31/2008
Action Taken:	All first aid kits were free of obstruction. A first aid procedures (CPR) chart (in the local language) is affixed near to each first aid kit. The factory assigned a full-time nurse to monitor the first aid kits.

Plan Complete:	Yes
Plan Complete Date:	02/25/2009
Action Verified:	Yes
2010 IEV Details:	Completed: First aid procedures were posted at every first aid kit.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: All first aid kits have been provided with CPR manual for easy reference. All first aid boxes were free of obstruction during the audit visit. Sources: document review, factory observation

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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 operating machines while barefoot. 1 cutting worker did not wear metal gloves while working with cutting machine. Source: factory tour
Plan Of Action:	Factory has been asked to educate and monitor employees on use of appropriate personal protective equipment (PPE).

Deadline Date:	10/31/2008
Action Taken:	Factory educated workers and also assigned an individual to monitor employee use of PPE. During visit by SanMar staff in February 2009, all employees observed using the appropriate PPE.
Plan Complete:	Yes
Plan Complete Date:	02/25/2009
Action Verified:	Ye
2010 IEV Details:	Completed: Workers observed wearing shoes and PPE during audit.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: Workers were properly wearing PPE while working with specific machines (No cases found of sewing workers taking off their shoes/going barefoot while operating with sewing machines; cutting workers were properly wearing their metal gloves while working with cutting machine.) Source: factory tour

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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:	New Finding (December 13, 2010): Hazardous chemicals are not handled safely or properly. Acetone is used in the spot cleaning room without proper label. Pull-out 2 spot lifter is used in finishing without material safety data sheets (MSDS), proper PPE or proper ventilation. Spot cleaning room behind production workshop does not have adequate ventilation.
Plan Of Action:	Factory is requested to establish a system for handling hazardous chemicals safely and properly. All chemicals used shall have MSDS in Vietnamese and chemical containers shall be labeled. PPE shall be provided for employees who are using the chemicals. Ventilation system shall be improved at the spot cleaning room.
Deadline Date:	05/01/2011
Action Taken:	SanMar conducted a follow-up audit in July 2011 noting MSDS in local language for acetone was available and posted in storage area. All chemical containers were labeled properly. PPE provided to workers who were using chemicals.
Plan Complete:	No
Plan Complete Date:	07/08/2011
Action Verified:	Yes

2011 IEV Details: Completed: Acetone stored properly in a designated area. MSDS in native language was also posted at chemical storage areas. At spot cleaning and finishing section, workers were using filter-masks during their work handling with acetone and Pull-out 2.

Source: factory tour

2011 Action Verified Date: 12/13/2010

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: Missing or inappropriate needle guards for approximately 60% of sewing machines noted. Many overlock machines, button machines and bartack machines do not have eye-protecting flexi guard. There is no broken needle retrieving procedure to ensure that no broken needles remain on the floor. No lock-out/tag-out procedures applied (no tag-out sign posted while repairing machines).

Source: factory tour

Plan Of Action: Factory has been asked to install appropriate guards for all sewing machinery. If machines cannot be fitted for guards, employees shall wear the protective glasses. Factory implemented a lock-out/tag-out system and communicated the system to supervisors and workers. Color cards with red, yellow and green hang on machines. If a red card is raised, machine is out of order and under repair; a green card represents a machine in good condition; and a yellow card represents a machine not in use.

Deadline Date: 10/31/2008

Action Taken:	Factory has established and appropriately communicated a written broken needle procedure. All broken needle parts appear to have been included in the logbook. All sewing machines, overlock machines, button machines and bartack machines have been fitted with eye protective shields/flexi guards.
Plan Complete:	Yes
Plan Complete Date:	02/25/2009
Action Verified:	Yes
2010 IEV Details:	Completed: Observed needle guards and eye shields on machines.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: Sewing machines (needle, overlock, button, bartack, etc.) have been well installed with protective guards. Source: factory tour Law reference: Vietnam Labor Law, Article 98

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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: None of the first aid kits had a CPR manual. Some first aid kits were blocked by material.

Source: factory tour

Legal Reference: Circular 09/2000/BYT of the Ministry of Health dated on April 28, 2000, which provides guidance on health care for workers in medium and small enterprises, factory is required to provide first aid kits and first aid procedures (CPR).

Plan Of Action: Factory has been asked to provide CPR procedures and to document its policy on the frequent monitoring of all first aid kits.

Deadline Date: 10/31/2008

Action Taken: All first aid kits were free of obstruction. A first aid procedures (CPR) chart (in the local language) is affixed near each first aid kit. Factory assigned a full-time nurse to monitor the first aid kits.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

Action Verified: No

2010 IEV Details: Completed: First aid procedures were posted at every first aid kit.

2010 Action Verified Date:

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: 4 of 12 toilet doors in ladies' bathroom are broken.

Source: factory tour

Plan Of Action: Factory has been asked to monitor factory housekeeping at all times to ensure it is clear and tidy and to designate responsible staff to ensure area remains organized.

Deadline Date: 10/31/2008

Action Taken: Factory has assigned and instructed cleaning staff to tidy up the factory on a more regular basis. No papers or waste found in cutting section and carton boxes were well organized in warehouse.

Source: observation, management discussion

Plan Complete: Yes

Plan Complete Date: 02/25/2009

Action Verified: Yes

2010 IEV Details:	Completed: Factory was clean and orderly during audit.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: Doors of toilets have been repaired and were working well. Source: factory tour

Health and Safety: Toilets

H&S.23 Employers shall establish the number of toilets required under applicable laws within reasonable distance of the workplace. (S)

Noncompliance

Explanation:	4 of 12 toilet doors in ladies' bathroom are broken. Source: factory tour
Plan Of Action:	Factory must repair toilet doors and set up a procedure to check the toilet facility every week.
Deadline Date:	10/31/2008
Action Taken:	Factory has repaired the toilet doors and all doors were found in good condition. Source: observation
Plan Complete:	Yes
Plan Complete Date:	02/25/2009

Action Verified:	Yes
2010 IEV Details:	Completed: Toilet doors have been repaired and toilets were acceptable
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: Observed toilet areas for female workers, noted that doors of toilets have been repaired and were working well. Source: observation

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Health and Safety: Toilets/Restrictions

H&S.24 Employers shall not place any undue restrictions on toilet use in terms of time and frequency. (P)

Noncompliance

Explanation:	Factory uses a permission card for monthly-wage earning workers (QC, technical and non-sewing workers) to go to the toilet. As there is only 1 card for each team, it is very hard if 2 or 3 workers want to use the toilet at the same time. Sources: worker interviews, factory observation
Plan Of Action:	Factory has been asked to cancel the permission card system and to allow all employees to go to the toilet without restriction.
Deadline Date:	10/31/2008

Action Taken:	Factory has canceled the permission card system and employees may now go to the toilet without restriction. During SanMar's follow-up interviews with workers, some stated that if their sewing line has 2 "yellow cards" raised, each meaning a machine is not in use, they must wait until those employees return to go to the toilet. Factory management does not consider this to be an undue restriction on the use of factory toilets.
Plan Complete:	Yes
Plan Complete Date:	07/08/2009
Action Verified:	Yes
2010 IEV Details:	Completed: Workers confirmed they are free to go to the toilet without a permission card. Source: worker interviews
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: There has been no practice applied for toilet permission cards for workers. Since it was found during the IEM on August 6-7, 2008, factory immediately removed this practice. Sources: factory observation, worker interviews

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Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: 1. Paper and garbage were found in cutting and packing areas. Unorganized carton boxes were found throughout warehouse.

2. Raw materials in materials warehouse are piled very high, which is unsafe for workers when arranging fabric rolls. Ceilings in the packing section (finished goods) and accessories warehouse were damaged.

Source: factory tour

Plan Of Action: Factory has been asked to relocate the fabric rolls and pile them at a reasonable height. The ceiling shall be repaired.

Deadline Date:

Action Taken: All inventory, including fabric rolls, are limited to a height of no more than 2 meters. The ceilings in the packing section and accessory warehouse have been repaired.

Sources: observation, management discussion

Plan Complete: Yes

Plan Complete Date: 02/25/2009

Action Verified: Yes

2010 IEV Details: Completed: Ceilings have been repaired. Materials in warehouses are orderly and limited to a height of no more than 2 meters.

2010 Action Verified Date: 12/13/2010

2011 IEV Details: Completed: At raw materials warehouse, found that all materials are stored in appropriate shelves which were not too high; it also looked safe without falling risks. Also, observed that at packing and finished goods areas, ceiling was well organized. Source: factory tour

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: Workers worked past the excessive annual overtime limit in 2007. Detailed testing of 4 workers revealed they worked from 427-507 overtime hours in 2007, which exceed 300, the legal limit.

Sources: attendance record review (time card testing from June 2007 to June 2008)

Legal Reference: Vietnam Labor Law, Article 69, employers and workers may agree on additional hours to be worked, provided that the total may not exceed 4 additional hours in a day, or 300 additional hours in a year.

Plan Of Action: Factory has been asked to review the production schedule and arrange production more efficiently in order to reduce the overtime hours.

Deadline Date: 12/01/2011

Action Taken:	Factory management agreed that overtime hours were excessive from approximately June 2007 to June 2008. This was primarily a result of taking too many orders and overestimating the productivity of newly-hired workers. Management stated that improvements in worker training and production scheduling have helped to reduce excessive overtime since June 2008; continued monitoring of capacity and orders is ongoing to ensure continued compliance. We have maintained overtime to be within legal limits since June 2008 and have encouraged management to continue its efforts to meet legal requirements. Sources: management discussions, worker discussions, document review
Plan Complete:	Yes
Plan Complete Date:	02/25/2009
Action Verified:	No
2011 IEV Details:	Pending: 2 workers worked in excess of 300 overtime hours from January to December 2010. The number of total overtime hours ranged from 307-349 hours annually. Source: time record review (review of 35 randomly selected workers) Plan of Action: SanMar Compliance Staff met with factory management on March 28, 2011 to ensure they are clear about our expectations and requirements, as well as to confirm that management is committed to keeping current with all labor laws. Factory is aware that daily overtime hours and weekly working hours exceeded the legal limits. SanMar has requested that factory management take appropriate measures in order to reduce the working hours to within the legal limits and encouraged management to openly discuss production issues and capacity constraints whenever they arise. SanMar will monitor the progress of transparency and improvement to ensure that hours of work meet legal requirements.
2010 Action Verified Date:	

2011 IEV Details: New Finding: (September 12, 2011): Sewing workers worked 4.5 overtime hours per day. (Example: Several sewing workers worked 4.5 overtime hours in November 2010.)

Legal Reference: Vietnam Labor Law, Article 69 Source: document review (time record review from September 2010 to August 2011)

Plan of Action: Factory is aware that the daily and the yearly overtime hours exceeded the legal requirements. SanMar has requested that factory management review the production plan and take other measures in order to reduce the hours of work within the legal limits.

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: New Finding (December 13, 2010): Many workers worked at least 2 Sundays in August, 4 in November, and 1 in December without rest day as per law and code. These days were not recorded in official timed cards or payroll, but paid in cash.

Plan Of Action: Factory is aware that no weekly day off in every 7-day period was provided to the employees. SanMar has requested that factory management take appropriate measures in order to ensure that employees are provided with legally mandated rest days. SanMar will monitor the progress of transparency and improvement to ensure that weekly rest day meets legal requirements.

Deadline Date: 12/01/2011

Action Taken: July 2011: SanMar conducted a follow-up audit in July 2011 noting inaccurate records from 2 days at the security guard station; however, factory managers and workers suggested that these were mistakes and not indicative of misleading records. Factory maintained that they are aware of these mistakes and again confirmed and appeared committed to providing us with complete and accurate records. We will continue to monitor controls and information covering accurate time and salary record keeping during future visits.

Plan Complete:	No
Plan Complete Date:	
Action Verified:	No
2010 IEV Details	Pending: 16 of 35 randomly selected sewing workers worked consecutively from November 1-30, 2010 without a rest day (30 consecutive days). Source: attendance record review (time record review from September 2010 to August 2011) Legal Reference: Vietnam Labour Law, Article 72
2010 Action Verified Date:	
2011 IEV Details:	Factory is aware that no weekly day off in every 7-day period was provided to employees. SanMar has requested that factory management review the production plan or take other measures in order to ensure employees are provided with appropriate and legally mandated rest days.

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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: New Finding (13 December 2010): Time records shown to monitors were not complete, authentic and accurate. Some extra OT hours and Sunday work are not recorded on timecards, but shown on OT volunteer forms and/or piece rate records. These hours are reportedly paid separately in cash outside the regular payroll. Monitors were unable to verify the accuracy of hours and pay due to this double book system and failure to provide full records.

Plan Of Action: SanMar Compliance Staff met factory management on March 28, 2011 to emphasize our expectation and the importance of accurate documentation keeping. Factory shall ensure that all hours worked by all workers are fully documented accurately and supported by a reliable recording system. SanMar will monitor the progress of transparency and improvement to ensure that all hours worked and their payment meet legal requirements.

Deadline Date: 12/01/2011

Action Taken: July 2011: SanMar conducted a follow-up audit in July 2011, noting inaccurate records from 2 days at the security guard station; however, factory managers and workers suggested that these were mistakes and not indicative of misleading records. Factory maintained that they are aware of these mistakes and again confirmed and appeared committed to providing us with complete and accurate records. We will continue to monitor controls and information covering accurate time and salary record keeping during future visits.

Plan Complete: No

Plan Complete Date:

Action Verified: No

2011 IEV Details: Ongoing: Factory used 2 sets of attendance for November 2010. The 1st set only shows normal work hours and acceptable OT hours. The 2nd one is for excessive overtime and Sunday work. However, those Sunday hours were not displayed in the attendance records of November 2010. Factory confirmed that they only used 1 time record system from December 2010 until now.

Factory is aware that 2 sets of attendance were recorded before November 2010. Based on continued and direct dialogue with factory management, they appear to better understand the need for transparent, accurate and complete recording systems and they appear to have remediated this issue. Manager and in-line production supervisors are now responsible for accurate recording of time records. We will continue to monitor the authentic and accurate nature of records during all future visits and audits.

Sources: document review, management discussion

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: New Finding (September 12, 2011): 16 of 35 randomly selected sewing workers worked 62-68 overtime hours per week during November 2010.

Sources: time records (time record review from September 2010 to August 2011)

Plan Of Action: Factory is aware that total weekly work hours exceeded the legal requirements. SanMar has requested that factory management review the production plan or take other measures in order to reduce the hours of work within the legal limits.

Deadline Date: 12/01/2011

Action Taken:

Plan Complete: No

Plan Complete Date:

Hours of Work: Other - Hours of Work

Other

Noncompliance

Explanation: Time tolerance exceeded from 20-30 minutes per day, meaning their daily hours ranged from 8 hours and 20 minutes to 8 hours and 30 minutes per day, but the factory counts it as 8 hours (all interviewed workers confirmed they had to wait to punch time cards, as only 3 machines for nearly 500 workers).

Sources: document review (time card testing), worker interviews, management discussion

Legal Reference: Vietnam Labor Law, Article 68, normal working hours shall not exceed 8 hours per day or 48 hours per week.

Plan Of Action: Factory has been asked to install additional time card punching machines to reduce the waiting time for punching a time card every day.

Deadline Date:	10/31/2008
Action Taken:	Factory installed additional punch-in machines. It now has 6 in total and monitors workers to not punch time cards in advance of operating hours.
Plan Complete:	No
Plan Complete Date:	12/13/2010
Action Verified:	Yes
2010 IEV Details	Completed: Factory installed 2 more time swipe machines (5 now instead of 3) and workers have no complaints about swiping time cards currently.
2010 Action Verified Date:	12/13/2010
2011 IEV Details:	Completed: No cases noted that time tolerance exceeded from 20-30 minutes per day. It was caused because factory had allowed workers to enter the factory quite early before working time. Since September 2009, factory issued an announcement allowing workers to enter the factory 5-10 minutes before starting time. Sources: document review (time records review from August 2010 to July 2011 of production/non production workers), worker interview, management discussion