



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: SanMar
COUNTRY: Vietnam
FACTORY CODE: 650084918G
MONITOR: OneStep Viet Co., Limited
AUDIT DATE: August 6 – 7, 2008
PRODUCTS: Apparel
PROCESSES: Cutting, Making, Ironing,
Packing
NUMBER OF WORKERS: 480

FLA Comment: Due to a 2011 IEV (Independent External Verification) at this factory, all updates after 2008 can be found on the IEV report [here](#).

Company Comment: Due to consolidation of SanMar's programs at different facilities, SanMar made the decision to leave this factory, a decision made independent from these IEM and IEV results. As a result, SanMar exited this factory after shipping its last purchasing order in November 2013. Prior to exit, SanMar discussed the issues of noncompliance and our requested plan of action with both the vendor and factory management. Additionally, there are no other FLA-affiliated brands working with this factory to help continue our remediation efforts.

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



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Wages, Benefits and Overtime Compensation: Calculation Basis for Overtime Payments

WBOT.8 Employers shall compensate workers for all hours worked. For workers on a piece rate payment scheme or any other incentive scheme, payments for overtime hours worked shall be calculated by applying the premium rate required by law or this Code on the same payment scheme as is used for calculating wages for normal working hours, unless the payment scheme used leads to higher wages for workers. (S)

Noncompliance

Explanation: From management discussion and payroll review from June 2007 to June 2008, insufficient overtime calculation from 28,633 to 90,574 VND was noted for at least 2 workers during April and May 2008, whose piece-wage per hour was more than 10,000 VND. Factory paid a lump sum amount at 5,000 VND per overtime hour, a practice used until May 2008; from June 2008, management changed to a different method. According to 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 is requested to review the salary policy to ensure overtime calculation is paid in amounts equal to, or greater than, required amounts stipulated by Vietnam Labor Laws. Factory management must ensure that revised policies are appropriately communicated to workers and supervisors.

Deadline Date: 09/30/2008

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

Plan Complete: Yes

Plan Complete Date: 02/25/2009

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: From management discussion and payroll review from June 2007 to June 2008, incorrect OT pay for break times were noted when working more than 2 hours per day since June 2008, for piece-rate earning workers (before June factory used different calculation). Factory included 30-minute breaks into total overtime 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 tested workers who had in 9 days worked more than 2 overtime hours in June to lose from 1,560 VND to 7,475 VND in June 2008.

Correct calculation should be [overtime wage = total piece-wage wage/total worked hours (NOT including 30-minute break, as no product made during break) = hourly wage]. This practice has no conformance with labor law according to 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%*overtime hours. The overtime calculation is based on actual piece wage if that worker earns on piece wage. According to Circular 15/2003/TT-BLDTBXH, of the 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 practice with management, and is to review this calculation as legally required. They are also to review the salary policy and legal requirements, and ensure that the overtime premium paid is according to Government Decree 114/2002/ND-CP, Article 10, Sections 1, 2 and 3.

Deadline Date: 10/31/2008

Action Taken: Factory management has revised compensation system to exclude the 30-minute meal break in the calculation of overtime compensation. SanMar conducted a follow-up audit in February 2009 noting the revised system and calculations appear to be accurate and in accordance with Government Decree 114/2002/ND-CP, Article 10 Sections 1, 2 and 3.



Plan Complete: Yes

Plan Complete Date: 02/25/2009

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)

Uncorroborated Evidence of Noncompliance

Explanation: From management discussion and document review, was noted 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.

Plan Of Action: Factory requested to apply an overtime worksheet to ensure overtime work is on a voluntary basis. If employees do not want overtime, will not sign overtime worksheet.

Deadline Date: 10/31/2008

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

Plan Complete: Yes

Plan Complete Date: 02/25/2009

Forced Labor: Other - Forced Labor

Other

Noncompliance

Explanation: From management discussion and document review, it was noted that factory does not have written policy on forced labor; even though the issue was not mentioned during record review, observation and worker interviews.

Plan Of Action: Factory is requested to establish a written policy on forced labor. A training session shall be arranged to ensure the 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. Factory is requested to follow up with formal training to ensure workers fully understand the factory's policy regarding forced labor.

UPDATE: 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 were reviewed and information was corroborated and confirmed during SanMar's interviews with workers, noting also that workers 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

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 (FOA) 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, 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 Vietnam labor relations do not meet core ILO standards. We have discussed matter with factory management and respect that they follow current local law and industrial practices of Vietnam concerning FOA and establishment of employee unions. SanMar remains supportive of legal and program initiatives by global organizations such as ILO, non-governmental organizations and other multi-stakeholder initiatives working to raise awareness of good labor practices in Vietnam.

Deadline Date: 10/31/2008

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

Plan Complete: Yes

Plan Complete Date: 02/25/2009

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: From management discussion and document review, it was noted that there is no written policy on anti-harassment and abuse in this factory. There is no procedure developed to handle complaints and there is no suggestion box available in the factory for workers to raise complaints or concerns. The factory only has a Factory Regulation, which generally cites factory rules and regulations, but not in detail.

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

Deadline Date: 10/31/2008

Action Taken: Factory management established anti-harassment and abuse policy and communicated contents to all workers. A suggestion and complaint box is available for all workers to raise complaints or concerns. Factory requested to follow up with formal training to ensure workers fully understand factory's policies and procedures concerning harassment or abuse.

UPDATE: SanMar conducted follow-up audit in July 2009 noting that formal training on this new anti-harassment and abuse policy 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 also that workers understood elements of new policy. All workers interviewed confirmed 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

Child Labor: Other - Child Labor

Other

Noncompliance

Explanation: From management discussion and document review, it was noted that factory does not have detailed policy on child labor. Also, there is no procedure developed to ensure child labor is not used, even though there was no child labor identified during worker interviews, document review and observation.

Plan Of Action: Factory is requested to establish a written recruitment policy with detailed hiring procedures, to ensure that there is no child labor.

Deadline Date: 10/31/2008

Action Taken: Factory established a written child labor policy and policies surrounding recruitment and hiring. In addition, during all new employee orientations, the factory HR department checks the new worker's original ID card to verify their age. No child labor was identified during the visit by FLA's IEM or during SanMar's follow-up visit and audit during February 2009.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

Non-Discrimination: Other - Non-Discrimination

Other

Noncompliance

Explanation: From management discussion and document review, it was noted that factory does not have any policy or procedures regarding non-discrimination. The factory only has regulation mentioning very generally that "factory will not discriminate workers," but no procedure to ensure it will not happen.

Plan Of Action: Factory is requested to establish a written policy on non-discrimination and to communicate the policy 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. Factory is requested to follow up with formal training, to ensure workers fully understand the factory's policy regarding non-discrimination.

UPDATE: 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 were reviewed and information was corroborated and confirmed during SanMar's interviews with workers, noting also that workers understood the elements of the new policy. In addition, all workers interviewed confirmed that they were not aware of any cases of non-compliance of this new policy by management.

Plan Complete: Yes

Plan Complete Date: 07/08/2009

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: From worker interviews and management discussion, it was noted that factory did not communicate the Company Code of Conduct to workers. All interviewed workers said that they did not know about Company Code elements.

Plan Of Action: Factory is requested to arrange the training at least once a year, and to communicate the Company Code of Conduct to all employees to ensure they understand the Company requirements.

Deadline Date: 10/31/2008

Action Taken: SanMar Global Operating Principles (GOP) in English, Chinese and Vietnamese are posted in the 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 the need to provide training on our GOP; management has confirmed this will be provided at least annually, and the next training will be arranged in June 2009. Training will be documented.

UPDATE: SanMar conducted a follow-up audit in July 2009 noting that the training had been provided to employees on March 28, 2009. As per worker interviews, the workers confirmed that they understood the elements of GOP. Besides GOP training, the factory printed SanMar's GOP in Vietnamese and provided to all workers for their reference.

Plan Complete: Yes

Plan Complete Date: 07/08/2009

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: From management discussion and document review, it was noted that factory does not have a health and safety policy in place.

Plan Of Action: Factory is requested to establish a written policy on health and safety.

Deadline Date: 10/31/2008

Action Taken: Factory assigned one staff member to monitor internal health and safety issues. Factory follows the local health and safety regulations, but has yet to publish a written health and safety policy.

UPDATE: 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. It was noted that the inspection took place on February 28, 2009, and that the results were in compliance with TCVN 3733/2000/QD-BYT.

Plan Complete: Yes

Plan Complete Date: 07/08/2009

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: From management discussion and worker interviews, it was noted that factory did not provide any training on health and safety to workers. According to 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 is requested to communicate the health and safety policy and to provide health and safety training to the 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; a certificate has been granted to all participants. However, formal health and safety training has been provided to all workers.

UPDATE: Following this visit, the factory agreed that all workers who required training had completed the training on August 26, 2009. SanMar has reviewed training records with workers' signature noting compliance.

Plan Complete: Yes

Plan Complete Date: 08/26/2009

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. From factory walkthrough, 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. From factory walkthrough and management discussion, no procedure noted for checking emergency lighting system (no evidence to prove how long emergency battery light will last). One emergency light in finished warehouse has been disabled.

Plan Of Action: 1. Factory asked to install fire alarms in accessory and finished warehouses. Fire alarm instructions and visible signs shall be affixed on production floors. All aisles shall be clear at all times.

2. Factory requested to check emergency light every week. Factory advised General Department is assigned as responsible for checking.

Deadline Date: 10/31/2008

**Action
Taken:**

SanMar noted following during our follow-up visit in February 2009:

1) Factory assigned staff to check aisles every day. All aisles were free of obstruction. Yellow lines were marked on floor to ensure no materials were blocked and placed on aisles. No fire alarm installed in accessory warehouse or finished warehouse. Appropriate instructions and visible signs are still required in all areas.

2) Factory assigned a leader of firefighting team to check performance of firefighting equipment every week and to maintain proper records. All firefighting equipment was functioning well.

UPDATE: No fire alarm had been installed in accessory warehouse or finished goods warehouse and there still were insufficient instructions and signs in all areas. SanMar agreed appropriate actions with factory and conducted a follow-up audit in July 2009 to confirm compliance. During the follow-up visit, SanMar noted that all aisles continued to be free of obstruction. In addition, the factory installed automatic smoke detectors in fabric warehouse, accessory warehouse and finished goods warehouse. Fire alarm buttons installed in accessory warehouse and finished goods warehouse with instruction and visible signs are adequate. SanMar had additional comments based on certain fire safety instructions and visible signs. Factory management made the necessary changes and updates and provided visual evidence back to SanMar on August 21, 2009.

**Plan
Complete:**

Yes

**Plan
Complete
Date:**

08/21/2009

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: From factory walkthrough, was noted that workers operating machines while barefoot. One cutting worker did not wear metal gloves while working with cutting machine.

Plan Of Action: Factory requested to educate and monitor employees using appropriate PPE.

Deadline Date: 10/31/2008

Action Taken: Factory educated workers and assigned group leader to monitor them using PPE. During visit by SanMar staff in February 2009, all employees observed using appropriate PPE.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

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: From factory walkthrough, missing or inappropriate needle guards for approximately 60% of sewing machines were noted. Many overlock machines, button machines and bar tack machines do not have eye protecting flexiguard. There is no broken needle retrieving procedure to ensure no broken needles remain on the floor. It was noted that no lock-out/tag-out procedures were applied (no tag-out sign posted while repairing machines).

Plan Of Action: Factory requested to install appropriate guards for all sewing machinery. If machinery does not have a guard, employees shall wear protective glasses. Factory is requested to establish a clearly identifiable system to represent the status of the machinery and to communicate the system to all staff.

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 logbook. All sewing machines, overlock machines, button machines and bar tack machines have protective eye shields/flexiguards installed. 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 the machines. If a red card is raised, the 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.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

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: From factory walkthrough, was noted that none of the first aid kits had a CPR manual. Some first aid kits were blocked by material. According to 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 requested to provide CPR procedures and to document its policy on first aid kits, as to frequency they are checked and who is responsible for monitoring them.

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

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: From factory walkthrough, paper and garbage found in cutting and packing areas. Unorganized carton boxes were found throughout warehouse.

Plan Of Action: Factory requested to monitor factory housekeeping at all times to ensure it is clear and tidy, and to designate a responsible staff member to ensure areas remain organized.

Deadline Date: 10/31/2008

Action Taken: Per follow-up audit observation and discussion with management, factory has assigned and instructed cleaning staff to tidy up factory on more regular basis. No papers or waste were found in cutting section and carton boxes were well organized in warehouse.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

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: From factory walkthrough, was noted that 4 of 12 toilet doors in ladies bathroom are broken.

Plan Of Action: Factory requested to repair toilet doors and to set up a procedure to check toilet facilities every week.

Deadline Date: 10/31/2008

Action Taken: Per observation during SanMar's follow-up audit, factory has repaired toilet doors and all doors were found in good condition.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

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: From worker interviews and observation, was noted factory applies permission card for monthly-wage earning workers (QC, technical and non-sewing workers) to go to toilet. As is only one card for each team, it is very hard if 2 or 3 workers want to use toilet at the same time.

Plan Of Action: Factory requested to cancel permission card system and to allow all employees to go to toilet without restriction.

Deadline Date: 10/31/2008

Action Taken: Factory has cancelled permission card system and employees may now go to the toilet without restriction. During follow-up interviews with workers, some stated that if their sewing line has two yellow cards raised, indicating 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.

UPDATE: SanMar conducted a follow-up in July 2009 and noted that the factory canceled the permission card system and that the workers could go to the toilet without restriction. Workers confirmed this during interviews.

Plan Complete: Yes

Plan Complete Date: 07/08/2009

Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: From factory walkthrough, was noted that raw materials in materials warehouse are piled very high, which is unsafe for workers when arranging fabric rolls. Ceiling at packing section (finished goods) and accessories warehouse were damaged.

Plan Of Action: Factory requested to relocate fabric rolls and pile them at a reasonable height. Ceiling shall be repaired.

Deadline Date: 10/31/2008

Action Taken: Based on observation and discussion with factory management during SanMar's follow-up audit, all inventory, including fabric rolls, are limited to a height of no more than two meters. The ceiling in the packing section and accessory warehouse has been repaired.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

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: From time card testing for June 2007 to June 2008, was noted that workers worked past the excessive annual overtime limit in 2007. Detailed testing of 4 workers revealed they worked from 427 to 507 overtime hours in 2007, which exceed 300, the legal limit. According to the 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 requested to review production schedule and arrange production more efficiently in order to reduce overtime hours.

Deadline Date: 10/31/2008

Action Taken: Factory management agreed overtime hours were excessive from approximately June 2007 to June 2008, primarily as a result of taking too many orders and overestimating productivity of newly hired workers. Based on discussions during our follow-up visit, management stated that improvements in worker training and production scheduling have helped reduce excessive overtime since June 2008, and that continued monitoring of capacity and orders is ongoing to ensure continued compliance. Based on additional document review and discussions with workers, we have maintained overtime within legal limits since June 2008, and have encouraged management to continue its efforts to meet legal requirements.

Plan Complete: Yes

Plan Complete Date: 02/25/2009

Hours of Work: Other - Hours of Work

Other

Noncompliance

Explanation: From workers interview and time card testing, it was noted that time tolerance exceeded from 20 to 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). According to the Vietnam Labor Law, Article 68, normal working hours shall not exceed 8 hours per day or 48 hours per week.

Plan Of Action: Factory requested to install additional time card punching machines to reduce waiting time for punching time cards every day.

Deadline Date: 10/31/2008

Action Taken: Factory installed additional punch-in machines and now has six in total. If a worker arrives early, they are now required to stay outside their assigned building to ensure they punch their time card appropriately and not in advance of operating hours.

Plan Complete: Yes

Plan Complete Date: 02/25/2009
