COMPANY: Columbia Sportswear Company
COUNTRY: Vietnam
FACTORY CODE: 5000841276J
MONITOR: Global Standards
AUDIT DATE: June 17, 2010
PRODUCTS: Garments
PROCESSES: Cutting, Sewing, Finishing
NUMBER OF WORKERS: 992
CONTENTS:

Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

Wages, Benefits and Overtime Compensation: False Payroll Records

Freedom of Association: Right to Freely Associate

Health and Safety: Evacuation Requirements and Procedure

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

Hours of Work: General Compliance Hours of Work

Hours of Work: Rest Day

Hours of Work: Time Recording System
Wages, Benefits and Overtime Compensation: Accurate Calculation and Recording of Wage Compensation

WBOT.17 All payments to workers, including hourly wages, piecework, benefits, bonuses, and other incentives shall be calculated and recorded accurately. (S)

Uncorroborated Evidence of Noncompliance

Explanation: Official records shown to monitors make it appear as if workers are being properly compensated based on piece rate and OT work. However, time swipe records shown to monitors contain significant inaccuracies as noted in the HOW.6 findings (see below) and our confidential analysis notes in the Time Swipe Discrepancies. Therefore accurate OT hours and payments could not be verified. As a result of inaccurate and possibly falsified records, errors or inaccuracies in OT and piece rate payments cannot be ruled out.

Plan Of Action:

1. Discuss with the management to keep one set of authentic, accurate wage records.
2. Factory shall keep the actual register of working hours for all regular & OT hours for all the workers with the employee signature.
3. Factory shall provide training to the employees on the proper use of the time record system as well as training on the work hours.
4. Factory shall appoint a responsible person to be in charge of related issues and shall establish an internal monitoring policy to ensure all the production documentation matches with the time records.

Deadline Date: 01/15/2011

Supplier CAP:

Supplier CAP Date: 03/20/2012

Action Taken: We have established a procedure where the guards at the gates verify a worker's card swiping time against the recorded hours. Factory has also conducted training with workers on a regular basis concerning work hours and time record keeping. Also, mid-level management is trained in this regard to make random checks in the records to ensure their consistency.

Plan Complete: No
Plan Complete Date: 03/20/2012

Follow-Up Plan of Action: Since the audit, New Wave (since renamed to Cutter & Buck) internal auditors have visited this supplier several times for internal audits. Between 2010-2012, we have visited this supplier 3 times in total and have found no inconsistency in the time records. We have seen their policies on working hours and time recording as well as their training records; we have conducted worker interviews on every visit. No issues were identified in this regard. So we have drawn the conclusion that this finding has been remedied.

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)

Explanation: In the absence of accurate and verifiable time swipe records, hours of work and payroll could not be verified. Time swipe records show signs of inaccuracies and possible falsification. Electronic time records from the finger swipe system as shown to monitors were not accurate, consistent and reliable.

Sources: Based on a review of the time records from June 1st to 17th, 2010 and in-out permits from the same period for 11 cases, it was noted that 8 out of 11 cases showed that the electronic time records from the finger swipe system as shown to the monitors were not accurate or reliable. When the manual records from the gate (in-out permits) were compared with the daily finger swipe records, inaccuracies in the time records were noted. Based on comparing the records for 11 recent cases, it was noted that: - In 2 cases, workers entered late (8:15AM) while the finger swipe records show these workers swiped IN at 7:25 and 7:23. - In 4 cases, workers went home early (15:40, 14:00, 14:05, 15:20) while the finger swipe records show workers swiping OUT at 17:55, 18:01, 18:10 and 17:58, respectively. - In 2 cases, workers went OUT at 14:00 or 12:00 while the finger swipe records show no time at all (in/out) for that day. Therefore, in 8 out of 11 reviewed cases, time was not recorded accurately at the start and/or end of the work shift.

Plan Of Action: 1. Discuss with the management to keep one set of authentic, accurate wage records.

2. Factory shall keep an actual register of working hours for all regular and OT hours for all the workers with employee signatures.
3. Factory shall provide training to the employees on the proper use of the time recording system as well as training on work hours.

4. Factory shall appoint a responsible person to be in charge of related issues and establish an internal monitoring policy to ensure all the production documentation matches with the time records.

Deadline Date: 01/15/2011

Supplier CAP:

Supplier CAP Date: 03/20/2012

Action Taken: We have established a procedure where the guards at the gates verify a worker's card swiping time against the recorded hours. Factory has also conducted a training with workers on a regular basis on working hours and time record keeping. Also, mid-level management is trained in this regard to make random checks in the records to ensure their consistency.

Plan Complete: Yes

Plan Complete Date: 03/20/2012

Comments: Since the audit, New Wave (now Cutter & Buck) internal auditors have visited this supplier several times for internal audits. Between 2010-2012 we have visited this supplier 3 times in total and have found no inconsistency in the time records. We have seen their policies on working hours and time recording as well as training records and we have conducted worker interviews on every visit. No issues were identified in this regard. So we have drawn the conclusion that this finding is being remedied.
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:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:
Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: 1. One exit door was blocked by a worktable in the cutting workshop and one staircase was partially obstructed. Aisles and exits should all be kept clear.

Source: visual inspection

2. The fire alarm system is said to be inspected and tested monthly, but maintenance and testing records were clearly lacking.

Sources: record review, management interview

Plan Of Action:

1. Keep the exit door, aisles and the staircase obstacle free.

2. Maintain good housekeeping by creating some space to keep the unnecessary items.

3. Train all the workers, supervisors and managers on good housekeeping.

4. Suggest a responsible person to maintain the fire inspection and testing report on a regular basis.

Deadline Date: 12/15/2010

Supplier CAP:

Supplier CAP Date: 03/20/2012

Action Taken: Factory has conducted fire training with workers on a regular basis and has also emphasized the importance of keeping exits clear of items. Supervisors are designated to monitor this on a daily basis to ensure that aisles and doors are clear. Factory has also designated staff to inspect all the fire equipment monthly, and these staff will also ensure that the equipment is unblocked.
Plan Complete: Yes

Plan Complete Date: 03/20/2012

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

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

Noncompliance

Explanation: MSDS (material safety data sheet) information was posted for acetone but no MSDS was available for the spot cleaning powder (ANC-Pullout2).

Source: visual inspection

Plan Of Action:

1. Collect the MSDS for the spot cleaning powder.
2. Translate the MSDS into the local language and post it in the chemical storage and usage area.
3. Train all the relevant workers on the MSDS.

Deadline Date: 12/15/2010

Supplier CAP:

Supplier CAP Date: 03/20/2012

Action Taken: We have established a policy that forbids the use of chemicals when there is no MSDS attached. We have also conducted regular training with the workers about the safe use of chemicals.

Plan Complete: Yes
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)

Uncorroborated Evidence of Noncompliance

Explanation: Official records shown to the monitors revealed no issues with excessive OT. However, the time swipe records shown to the monitors and our confidential analysis of the time swipe discrepancies reveal significant inaccuracies as noted in the HOW.6 finding (see below). Therefore, accurate OT hours and payments could not be verified. As a result of inaccurate and possibly falsified records, excessive OT work cannot be ruled out.

Plan Of Action:

1. Discuss with the management about keeping one set of authentic, accurate wage records.
2. Factory shall have all the workers sign the actual register of working hours for all regular and OT hours.
3. Factory shall provide training to the employees on the proper use of the time record system as well as training on work hours.
4. Factory shall appoint a responsible person to be in charge of related issues and shall establish an internal monitoring policy to ensure all the production documentation matches with the time records.

Deadline Date: 01/15/2011

Action Taken: 

Plan Complete: Yes

Plan Complete Date: 03/20/2012
Follow-Up Plan of Action:
Since the audit, New Wave (Cutter & Buck) internal auditors have visited this supplier several times for internal audits. Between 2010-2012 we have visited this supplier 3 times total and have found no inconsistency in the time records. We have seen their policies on working hours and time recording as well as training records and we have conducted worker interviews on every visit. No issues were identified in this regard. So we have drawn the conclusion that this finding is being remedied.

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)

Uncorroborated Evidence of Noncompliance

Explanation: Official records shown to the monitors showed no Sunday OT. However, time swipe records shown to the monitors and our confidential analysis of the time swipe discrepancies reveal significant inaccuracies as noted in the HOW.6 finding (below). Therefore accurate OT hours and payments could not be verified. As a result of inaccurate and possibly falsified records, unreported Sunday OT work cannot be ruled out.

Plan Of Action:
1. Discuss with the management to keep one set of accurate, wage records.
2. Factory shall keep an actual register of all the working hours with employee signatures for all regular and OT hours.
3. Factory shall provide training to the employees on the proper use of the time record system as well as training on work hours.
4. Factory shall appoint a responsible person to be in charge of related issues and establish an internal monitoring policy to ensure all the production documentation matches with the time records.

Deadline Date: 01/15/2011
Supplier CAP: 03/20/2012
### Action Taken:
We have established a procedure where the guards at the gates verify a worker's card swiping time against the recorded hours. Factory has also conducted training with workers on a regular basis about working hours and time record keeping. Also mid-level management is trained in this regard to make random checks in the records to ensure their consistency.

### Plan Complete:
No

### Plan Complete Date:
03/20/2012

### Follow-Up Plan of Action:
Since the audit, New Wave (Cutter & Buck) internal auditors have visited this supplier several times for internal audits. Between 2010-2012 we have visited this supplier 3 times in total and have found no inconsistency in the time records. We have seen their policies on working hours and time recording as well as training records and we have conducted worker interviews on every visit. No issues were identified in this regard. So we have drawn the conclusion that this finding is being remedied.
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: Electronic time records from the finger swipe system as shown to the monitors were not accurate, consistent and reliable.

Sources: Based on a review of the time records from June 1st to 17th, 2010 and in-out permits from the same period for 11 cases, it was noted that 8 out of 11 cases showed that electronic time records from the finger swipe system as shown to the monitors were not accurate or reliable. When manual records from the gate (in-out permits) were compared with the daily finger swipe records, inaccuracies in time records were noted. Based on comparing the records for 11 recent cases, it was noted that: - In 2 cases, workers entered late (8:15AM) while the finger swipe records show these workers swiping IN at 7:25 and 7:23. - In 4 cases, workers went home early (15:40, 14:00, 14:05, 15:20) while the finger swipe records show workers swiping OUT at 17:55, 18:01, 18:10 and 17:58, respectively. - In 2 cases, workers went OUT at 14:00 or 12:00 while the finger swipe records show no time at all (in/out) for that day. Therefore, in 8 out of 11 reviewed cases, time was not recorded accurately at the start and/or end of the work shift.

Plan Of Action:

1. Discuss with the management about keeping one set of authentic, accurate wage records.

2. Factory shall keep an actual register of all the working hours with employee signatures for all regular and OT hours.

3. Factory shall provide training to the employees on the proper use of the time record system as well as training on work hours.

4. Factory shall appoint a responsible person to be in charge of related issues and establish an internal monitoring policy to ensure all the production documentation matches with the time records.

Deadline Date: 02/29/2012

Supplier CAP:
Supplier CAP: 03/20/2012

Action Taken: We have established a procedure where the guards at the gates verify a worker’s card swiping time against the recorded hours. Factory has also conducted training with workers on a regular basis on working hours and time record keeping. Also, mid-level management is trained in this regard to make random checks of the records to ensure their consistency.

Plan Complete:

Plan Complete Date: 03/20/2012

Follow-Up Plan of Action: Since the audit, New Wave (Cutter & Buck) internal auditors have visited this supplier several times for internal audits. Between 2010-2012 we have visited this supplier 3 times in total and have found no inconsistency in the time records. We have seen their policies on working hours and time recording as well as training records and we have conducted worker interviews during every visit. No issues were identified in this regard. So we have drawn the conclusion that this finding is being remedied.