



COMPANIES: Maxport Limited
COUNTRY: Vietnam
ASSESSMENT DATE: 08/07/19
ASSESSOR: Social Compliance Services Asia
PRODUCTS: Apparel
NUMBER OF WORKERS: 500

Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Number of Violations
Compensation	1
Hours of Work	1
Employment Relationship	7
Health, Safety, and Environment	15
Nondiscrimination	2
Freedom of Association	4

Findings and Action Plans

FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. Health and safety procedures were missing some elements, such as no proper procedure to allow individual workers to raise health and safety and environmental concerns without retaliation; procedure of confined space is missing element including the presence of observer and the notification and the approval process for entering the confined space. The factory PPE management procedure is also inconsistent with the actual practice, which creates confusion. In addition, the health and safety procedures does not include the element of allowing workers to refuse to perform work under unsafe condition without facing any negative consequence. (HSE.1, HSE.7, ER.31)
2. The performance review procedure was missing detailed steps and procedures. In addition, the factory does not have proper procedures to allow workers to have access to their evaluation and provide feedback on the result of the performance review. (ER.29)
3. Retrenchment procedures do not allow workers to have a chance to provide their feedback or raise questions about the layoff plans. (ER.32)
4. The compensation procedures do not have the element on governing the voluntarily deduction for which management gives workers access to information concerning the status of relevant accounts and payments made to these accounts. (C.12, ER.1)

Local Law or Code Requirement

FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.7; Employment Relationship ER.29, ER.31, ER.32, Compensation C.12)

Root Causes

1. There is a gap between the group compliance team and compliance team at the facility on updating and customizing the compliance management system and related policies and procedure.
2. The facility management has strong commitment and knowledge on the FLA Workplace Code and Benchmarks, however, they are not fully aware of certain FLA requirements.

3. The factory has internal assessments and regular management review, however, there is still areas required further enhancement to assess the entire factory's compliance system.

4. There was insufficient communication and integration element in reviewing and updating the policies and procedure.

FLA's Recommendations for Sustainable Improvements

1. Update relevant policies and procedures on health, safety, environment, compensation, performance reviews, and retrenchment procedures.

2. Provide training on the updated relevant policies and procedures to all relevant staff and workers.

3. Conduct regular assessments that cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedure with the correction and prevention actions.

4. Enhance the communication and integration element to ensure input of staff and workers are integrated into making the policies and procedures.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Company will conduct annual review of HSE policy and procedures and update appropriate information to relevant documentation.

2. Company will conduct annual review and provide appropriate update towards performance review procedure.

3. Company will conduct annual review and provide appropriate update towards retrenchment procedures.

4. Company will conduct annual review and provide appropriate update towards compensation procedures.

Planned completion date

09/02/19

Company Action Plan Update

4. Voluntary deduction notice has been already included in monthly paysheet of each employees. HR Department is available to answer any question and confusion of employees towards this issue. Employees were also provided refresh training on company's wage policies which cover content of deductions.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. More than 60% of workers interviewed were not aware of most of the policies and procedures, except for working hours and wages. (ER.1)

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship ER.1)

Root Causes

1. Ineffective training that needs assessment on the element of FLA requirement. The training plan is not effectively designed in accordance with the training need assessment.
2. No effective evaluation system in place to evaluate the effectiveness of training.
3. Designated staff on the training have insufficient experience and expertise in the carrying out the training.
4. Lack of effective internal assessment and management review to ensure that effective compliance and training system is in place.

FLA's Recommendations for Sustainable Improvements

1. Establish the missing policies and procedures, review and update factory's relevant policies and procedures for training to implement.
2. Clearly define the responsible staffs for each function including training.
3. Provide training on the updated relevant policies and procedures regarding all Employment Functions to responsible staffs and all workers regularly. The evaluation after training should be conducted.
4. Carry out proper training need assessment. Set up proper training plan with sufficient resource to ensure that ongoing trainings are carried out.
5. Engage external training agent to provide train the trainers program to ensure responsible staffs are capable to conduct the training.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory will provide training on the updated relevant policies and procedures regarding all Employment Functions to responsible staffs and all workers regularly. The evaluation and assessment after training keep being conducted.

Planned completion date

09/02/19

Company Action Plan Update

The most recent training was conducted in December 2019 to 100% workforce.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

The worker involvement component is missing across all Employment Functions including Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Industrial Relations; Grievance System; Workplace Conduct & Discipline; Termination & Retrenchment, Environmental Protection; and Health & Safety. This indicates that the factory has not established procedures to actively request and/or receive workers' input or feedback regarding the creation, suggestion, and implementation and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. (ER.1.3, ER.25.2)

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.25.2)

Root Causes

1. Factory is still yet to establish relevant policies and procedures in the respect of communication and integration as well as the necessary analysis and evaluation after these processes.
2. The responsibilities of the different teams and sections are not effectively defined in the factory for compliance management system and the benefits of communication and integration are not fully aware by the different teams and section.
3. Training for workers is not conducted effectively.
4. Staff outside of the compliance staff have not received sufficient specific training on FLA Workplace Code and Benchmarks.

FLA's Recommendations for Sustainable Improvements

1. Establish and update factory's relevant policies and procedures for workers' training and involvement.
2. Clearly define the responsible staff for each function including training, communication and worker involvement.
3. Provide training on the updated relevant policies and procedures regarding all Employment Functions including Worker Involvement and Integration to responsible staffs and all workers regularly. The evaluation after training should be conducted.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Company will establish relevant policies and procedures in the respect of communication and integration as well as the necessary analysis and evaluation after these processes.

Planned completion date

09/02/19

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Based on the factory wages policy, workers who were late to work would only be allowed to come into the workshop at the following times: 08:30, 9:30, 10:30, 12:45 and 13:45 instead of at the actual time of tardiness. During the assessment and interview, it was reported that there was a worker who realized that she did not bring her worker badge upon arriving at the gate before 7:30am (official working time), and she had to return to pick up her badges from her house less than 15 minutes away. As per this regulation, she was only be able to start work at 08:30. In order to not be deducted for the one-hour wage, the supervisor had her apply for 2-hours annual leave instead of being deducted for the tardiness. (HOW.12, C.5)

Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmarks HOW.12, C.5)

Root Causes

1. Factory would like to have a standardized starting time for workers so as to facilitate the arrangement of production.
2. Production management staffs were not aware of the impact of the policy on deducting workers' wages or leaves on disproportional manners.
3. Lack of mechanism for workers' communication and integration to channel the workers' feedback into the decision and policy making.
4. Lack of effective internal assessment and management review to ensure that effective compliance and training system is in place.

Recommendations for Immediate Action

1. Revise the current system to ensure that the deduction of wages or benefits for workers' tardiness is aligned with the actual time of tardiness.

FLA's Recommendations for Sustainable Improvements

1. Review the current policy and procedure on tardiness & related aspect and engage the HR & production department to ensure that all wage related deduction and practice are in line with the FLA benchmark requirement.
2. Specific training on the FLA benchmark and their impact on workers shall be carried out to the HR and production related staffs regularly.
3. Carry out regular assessment to ensure that compliance system and policies are in line with prevailing law and FLA benchmark and effectively implemented. Corrective action plans are taken on timely manner to address any issues identify.
4. Provide specific training to the respective staffs to ensure that they are fully aware of the policies and procedure and properly implementing them.
5. Regularly review and update the system, policies and procedure to ensure that they are in lines with the current practices, prevailing legislation and the FLA Benchmark requirement.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Company will conduct annual review and provide appropriate update towards tardiness and related aspect.

Planned completion date

09/02/19

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. There is insufficient anti-leakage protective measures in the generator area for refilling oils. There were signs of oil residue left on the ground. (HSE.9, HSE.5)
2. Wastes storage areas have insufficient capacity as it was full on the second day of visit and these were waste carton boxes piling outside the waste storage areas. (HSE.9)

Local Law or Code Requirement

National standard TCVN 5507:2002; Law on Chemicals no. 06/2007/QH12, dated on November 21, 2007, Article 12 defines Requirement on Material-technical foundations in chemical productions and trading; FLA Workplace Code (Health, Safety and Environment HSE.5, HSE.9)

Root Causes

1. Ineffective risk assessment carried out at the facility pertaining to the hazardous material & chemical handling.
2. Lack of proper and regular capacity assessment on the waste storage areas.
3. The routine inspection and monitoring of the Health and safety committee is not effective in identifying the issues.
4. Ineffective specific training provided to the respective staffs who handle the chemicals and the industrial waste.

Recommendations for Immediate Action

1. Factory shall install sufficient anti-leakage protective measure in the generator areas to prevent oil leakage.
2. Factory shall ensure that the capacity of waste storage is sufficient and the qualified authorized agency is collecting the waste on a regular basis.

FLA's Recommendations for Sustainable Improvements

1. Carry out proper and effective risk assessments regularly by the health and safety committee or external qualified agent to ensure that the potential risks are being identified in chemical handling and waste storage capacity. Take proper measures to address the risks identified.
2. Enhance the coordination between the compliance responsible personnel with the health and safety committee so as to formulate and refine the policies and procedure in chemicals handling and the waste storage area.
3. Enhance specific training to the respective staff to ensure that they are fully aware of the policies and procedure and properly implement daily monitoring.
4. Carry out effective regular internal assessment and management review on the current compliance management system to identify the gaps and implement proper corrective action plan and preventive action to address the gaps and issues raised.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will equip additional anti-leakage protective measure in the generator areas to prevent oil leakage in case of pumping. Factory will also provide refresh training on chemical safety and response to spill/leakage case for relevant employees.

2. Factory will have cleaning employees collect wastes and arrange the store in good order. Wastes will be collected by qualified authorized agency in regular basis as per contract.

Planned completion date

09/02/19

Company Action Plan Update

1. Factory equipped additional anti-leakage protective measure in the generator areas to prevent oil leakage in case of pumping. Factory also provided refresh training on chemical safety and response to spill/leakage case for relevant employees in Sep 2019.

2. Factory had cleaning employees collect wastes and arrange the store in good order. Wastes were collected by qualified authorized agency in regular basis as per contract.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There are only eight sets of fire-fighting equipment for the fire-fighting team with 95 members. (HSE.1, HSE.6)
2. Two out of four smoke detectors randomly selected for testing were found malfunctioned. The factory fixed the two smoke detectors on the second day of the assessment. (HSE.1, HSE.6)
3. There is a door which is likely to be mistaken as an exit door as it is not marked with "not an exit" sign. The door is in the packing section in workshop #1. (HSE.1, HSE.5)
4. At least five workstations in sewing section and sample section were blocked by cartons and goods which hindered the evacuation route of workers in workshop #1. One evacuation route at the Laser Cutting section was obstructed by trolleys. (HSE.1, HSE.5)
5. Three exit doors at the production workshops and clinic are sliding doors instead of doors opening outward to the evacuation. (HSE.1, HSE.5)
6. Facility has installed the secondary exit at the packing section on the 2nd floor of workshop #1 where 13 workers were working on the second day of the assessment. Initially, only one exit was available. The secondary exit door is secured by an electronic scanning card system instead of a push bar system which might pose the potential risk of not being able to be activated and opened if the electricity is cut off. (HSE.1, HSE.5)

Local Law or Code Requirement

Item 6.1.1, Clause 6, Nation standard (TCVN) No. 3890:2009. (Fire protection equipments for construction and building – Providing, installation, inspection, maintenance); Point 6.2.2, Clause 6, Nation standard (TCVN) Nation standard (TCVN) No. 3890:2009. (Fire protection equipments for construction and building – Providing, installation, inspection, maintenance); item 11.6.1, National Standard (TCVN) No. 439/BXD-CSXD; Item 3.3.1, National Standard (QCVN) No. 06:2010/BXD (Vietnam Building Code on Fire Safety of Buildings); Vietnam Standard No. 06 : 2010/BXD on Vietnam Building Code on Fire Safety of Buildings, Part 3: Safety ensure for human: 3.2.3; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.5, HSE.6)

Root Causes

1. The utilization rate of the fire-fighting equipment by the fire-fighting team is very low. Hence, the health and safety team has not put sufficient attention on this respect.
2. Ineffective regular monitoring system in place and carried out by the health and safety committee at the facility.

3. Ineffective and incomplete fire and emergency evacuation risk assessment.
4. Ineffective training provided to workers and lack of effective tracking on the training effectiveness.
5. The factory has internal assessments and regular management review, however, it is still not comprehensive to assess the factory's overall compliance system.

Recommendations for Immediate Action

1. Factory to ensure that sufficient fire-fighting equipment is available for the fire-fighting team as required by law.
2. Factory enhances the regular inspection system for the smoke detector to ensure that they are in working condition at all times.
3. Factory shall ensure appropriate sign of "Not An Exit" in local language is available on the non-exit door to avoid any confusion.
4. Factory shall ensure that all workstations are free from obstruction and all the evacuation route is also clear without any obstruction.
5. Factory shall replace the sliding door with doors that open outward to the evacuation route as required by law.
6. Factory shall ensure that exit doors are able to be open at all times with one single movement and conduct risk assessment with the electronic scanning door to ensure it allows workers to escape in cases of emergency.

FLA's Recommendations for Sustainable Improvements

1. Enhance the current risk assessment and ensure that potential risk on fire safety are being identified in advance. Proper measures and resources are taken and allocated to address the issues raised during the assessment.
2. Provide additional training to the members of the health and safety committee to ensure that they are competent in carrying out the regular inspection and monitoring.
3. Enhance ongoing training for workers to ensure that they are provided with proper and updated information on fire safety, and updates on the changes of policy and procedures. Effectiveness of the training shall be evaluated.
4. Carry out effective regular internal assessment and management review on the current compliance management system in particular, the fire safety to identify the gaps and implement proper corrective action plans and preventive action to address the gaps and issues raised.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will re-organize the structure of grass root fire fighting team and ensure that sufficient fire-fighting equipment is available for the fire-fighting team as required by law.
2. Factory will provide training to the members of the teams carrying out the regular inspection and monitoring and enhance the regular inspection system for the smoke detector to ensure that they are in working condition at all times.

3. Factory will post appropriate sign of "Not An Exit" in local language on the non-exit door to avoid any confusion. Employees will also be trained on emergency response to be able to differentiate types of exit doors and means to use in emergency cases.

4. Employees will be trained on emergency response. HSE staffs, OHS network contributors and supervisors will maintain reminding employees about keeping all workstations and emergency aisles free from obstruction in daily operation.

5. Factory will replace the sliding door with doors that open outward to the evacuation route as required by law.

6. Factory will conduct risk assessment with the electronic scanning door to ensure it allows workers to escape in cases of emergency. Factory will also ensure that exit doors are able to be open at all times with one single movement.

Planned completion date

09/02/19

Company Action Plan Update

1. Factory re-organized the structure of grass root fire fighting team with 30 members and sufficiently equipped 30 fire-fighting equipment sets for the team members.

2. In November 2019, factory provided training to the members of the grass root fire fighting team, including the content of effective control fire safety equipment. Team members kept inspecting on monthly basis and retaining records.

3. Factory posted appropriate sign of "Not An Exit" in local language on the mentioned non-exit door. Employees were also trained on emergency response during refresh training.

4. Employees were trained on emergency response during refresh training. HSE staffs, OHS network contributors and supervisors kept reminding employees about keeping all workstations and emergency aisles free from obstruction in daily operation.

5. Factory replaced the sliding door with doors that open outward to the evacuation route as required by law.

6. Factory conducted risk assessment with the electronic scanning door and confirmed it allowed workers to escape in cases of

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. There were various cracks on the ground on the 2nd floor of workshop building # 1 with unknown reason. No additional 3rd party building safety inspection was available at the time of assessment. (HSE.1)
2. Around 10 workers were observed not properly their protective masks. (HSE.1, HSE.7)
3. Around 10 workers were not properly using the eye-shield on the overlocking machines and needle guards on the sewing machines. (HSE.1, HSE.7)
4. The factory PPE management procedure is confusing and is inconsistent with actual practice. The policy states that workers have to pay for PPE in case of damage or lose. In practice, the factory does not charge for lost or damaged PPE. Workers reported that they understood that they were given four protective masks every year in two batches. They thought that if they lost or damaged any, they would have to pay to replace them so some of the workers bring their own masks. (HSE.1, HSE.7)
5. At least two machines, such as the fabric inspection machines, were missing local language on the control panels and the emergency stop button. (HSE.1, HSE.14)
6. The door of the electrical control panels at the air compressor area does not function properly and could not be closed properly. There were at least two electrical control panels found with dust and lint build up. (HSE.1, HSE.14)

Local Law or Code Requirement

Labor Code 2012, Article 138; National standard (QCVN) No. 01:2008/BCT, National technical regulation on Electric safety, Article 5- Warning; Vietnam Standard 11 Tcvn - 48 : 1996; Decree 35/2003/Nđ-Cp, Article 9 Clause 1 And Decree 105/2005/NĐ-CP, ARTICLE 31; FLA Workplace Code (Health, Safety and Environment HSE.1, HSE.7, HSE.14)

Root Causes

1. Facility lacks the system and professional knowledge to verify the building and structural safety.
2. No designated personnel is responsible for the daily monitoring of building safety.
3. On-going PPE training and machines training are not effective as there was no effective evaluation on the result of the training.
4. The PPE management procedures are not effectively communicated to different staff and workers which creates confusion among workers.
5. Ineffective inspection on the machine safety and the incomplete risk assessment in the respect of the notices and machines guides.
6. Ineffective regular inspection and monitoring on the condition of electrical appliance by the group maintenance team.

Recommendations for Immediate Action

1. Engage the 3rd party professional firm to carry out building safety assessment to ensure the structural safety of the building.
2. Provide refresher training to workers on the use of PPEs and carry out regular inspection and monitoring to ensure PPEs are being used.
3. Provide additional training to workers on the use of machines guards and regular monitoring on the status of machines guards shall be carried out.

4. Ensure that the policy and procedures of PPEs management are in line with FLA requirement and properly communicated to the workforce to ensure that PPEs are provided to workers free of charge.
5. Display the instruction of machine operation and emergency stop buttons in local language for all the machines.
6. Ensure all electrical control panel are at good condition and the doors are able to close. Furthermore, there shall be appropriate time schedule to effectively inspect and clean the electrical control panels on regular basis.

FLA's Recommendations for Sustainable Improvements

1. The factory shall have an effective risk assessment carried out by the health and safety and respective professional on the building safety. Regular 3rd party assessment should be carried out depending on the risk of the building.
2. Proper system shall be established and designated personnel are appointed to handle any potential emergency condition.
3. Revise the training plan to incorporate feedback from the workers so that the training on PPEs use and machine safety are more effective and takes into consideration the challenges of the workers. Post training assessment shall be carried out to ensure the workers' understanding.
4. Revise the PPE management procedures to include better information and procedure which will facilitate the worker in replacing their PPEs with justifiable reason. In addition, the procedures shall be socialized to all the staffs and the workers to ensure their understanding.
5. Enhance the effectiveness of inspection carried out by the health and safety committee on the electrical safety and properly engage the group maintenance team to address any issues or gaps identified on timely manners.
6. Carry out effective regular internal assessment and management review on the current compliance management system in particular the aspect of the health and safety to identify the gaps and implement proper corrective action plan and preventive action to address the gaps and issues raised.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will engage the 3rd party professional firm to carry out building safety assessment to ensure the structural safety of the building.
2. The factory will provide refresher training to workers on the use of PPEs and carry out regular inspection and monitoring to ensure PPEs are being used.
3. The factory will provide refresher training to workers on the use of machines guards and carry out regular monitoring on the status of machines guards .
4. The factory will conduct review and revision of documents if any to ensure compliance with FLA requirements and relevant standards. The factory will provide refresher training to workers on PPEs.
5. The factory will translate and display the instruction of machine operation and emergency stop buttons in local language for all the machines.
6. The factory will keep checking conditions of all electrical control panels in weekly basis, cleaning and fixing if any.

Planned completion date

09/02/19

Company Action Plan Update

1. The factory has been aware of the problem, and engaged a qualified party (Center for building quality control of Nam Dinh Department of Construction) to evaluate the structure of the building; The evaluation was conducted in November 2019. The factory system was then certified in safe conditions.
2. PPEs were continued to be distributed freely to employees as per approved plan. Employees also got refresh trainings. HSE staffs and OHS network contributors kept monitoring regularly.
3. Mechanics and HSE staffs were responsible for checking guards in new machines prior to the time they started being used at production floor. Employees also got refresh trainings on machine guardings. HSE staffs and OHS network contributors kept monitoring regularly.
4. The company has conducted regular review of policies and procedures. Refresh trainings on PPEs were also provided to all existing employees. Newly hired employees got trained within their orientation periods.
5. The factory translated and displayed the instruction of machine operation and emergency stop buttons in local language for all the machines. Mechanics and HSE staffs keep checking of new machines prior to the time they enter production floor.
6. Electricians conduct their weekly checking of electrical panels every Monday and ensure the safety as well as tidiness.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

FLA Comments: The Vietnam constitution guarantees Freedom of Association. However, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – The Vietnam General Confederation of Labor (VGCL). According to the International Labor Organization (ILO), many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in Vietnam fall short of the ILO standards on the right to organize and bargain collectively.

Local Law or Code Requirement

FLA Workplace Code (Freedom of Association Benchmark FOA.2)

Root Causes

The Labor Union in Vietnam factories is not independent. It is still under control of The Vietnam General Confederation of Labor (VGCL), a political organization in Vietnam.

COMPANY ACTION PLANS

Action Plan no 1.

Description

The company shall await for further guideline of upper Trade Union organization as well as updates of governmental policies.

Planned completion date

