

# Audits

## Step 1 - Audit Details

AU180820-0000214-001

### Audited Site

Company Fair Labor Association

Site Country Vietnam

### Auditing Company

Auditing Company Openview Vietnam

Auditor **Auditor to be selected**

### Audit Properties

Audit Reference AU180820-0000214-001

Audit Cycle Initial

Audit Type Third Party

Announcement Announced

Audit Date 08/20/18 (MM/DD/YY)

Audit Length (in days) 3

End Date 08/22/18 (MM/DD/YY)

Use an audit check list? Yes

Audit Checklist Basline 2018

### Company Requesting

Company Requesting Audit

### Audit Visibility

Visibility Selected Companies

Selected Companies Maxport Limited

### Audit Payer

Company which pay the Audit

### Audit Status

Workflow Level Completed

### Scoring

Score

82%

# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-001

Type Recruitment, Hiring & Personnel Development

Status Finding Raised

Category Sustainable Improvement Required

Finding Details

1. Based on document review, worker interviews, and management interviews, it is noted that 90% of workers have undergone 30 days of probation although they handle simple work such as numbering, fabric spreading & packers. Further workers interview and production leader interview noted that workers (fabric spreading workers, packers) handle the normal simple duties but not skillful works which could be considered as vocational intermediate education, technical workers or professional workers; also, none of these jobs require vocational certification. There will be other jobs such as numbering workers, helpers, production admin workers, loading, unloading workers, packers could be considered as simple works as well. While factory has their own internal policies for continuous on-the-job training, duration and benefits of probation workers should follow labor law requirements. According to local law, workers conducting simple work only need six days of probation. Workers do not receive any form of insurance until they are permanent employees. [ER.1]
2. The Employment Contract is not updated according to Decree 05/ 2015/ ND-CP, especially for the item of Salary. The content of Salary (includes: Pay Rate, Allowances and Other Payment) is not clearly indicated in Employment Contracts. [ER.10.1.1]

Local Law or Code Requirement Vietnam Labor Code, Articles 23 and 27; Decree 05/ 2015/ ND-CP, Article 4. FLA Workplace Code (Employment Relationship Benchmarks ER.1 and ER.10.1.1)

Root Cause

1. The factory has not clearly defined the simple works, works required skills & trained to regulate for probation time.
2. The factory is aware of the requirement but considers this task minor and have focused their attention on other tasks.
3. There is missing relevant policies and procedure to have effective implementation.
4. There is a team for social compliance, but they are not well trained or provided with specific training on FLA Workplace Code and Benchmarks and local laws.
5. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system.

Recommendations for Sustainable Improvement

1. Clearly define simple work, work that requires skills, and trained to regulate for probation time.
2. Update relevant policies and procedures for wage calculation, pay rate and allowance.
3. Provide training on the updated relevant policies and procedures for labor contracts to all relevant workers.
4. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedure with the correction and prevention actions.

Recommendations for Immediate Action

History

Under Dispute No

#### Action Plans

Recommended Action Plan date Calendar Date

Recommended Completion Date 02/21/19 (MM/DD/YY)

Verification Method Follow-Up

Number of Action Plans

Finding without Action Plans No

Created by **Jane Feng - jane.feng@openviewservice.com** on **09/04/18 01:58:15 am**

Last modified by **Jane Feng - jane.feng@openviewservice.com** on **12/28/18 12:47:00 am**

Date format: MM/DD/YY

# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-002

Type Compensation

Status Finding Raised

Category Immediate Action Required

Finding Details

1. Based on the document review, relevant worker and management interview, it is noted that the factory has not calculated and paid the piece rate workers for time off requested by the factory (pre-production meeting, quality meeting and time off due to sick leave and accident leave workers spend at the factory medical station). It is noted from the workers interview and records that those time off are variety from 3 to 15 minutes for the pre-production meeting and quality meeting. For the time off due to sick, break spent at the medical station, assessors noted the cases of 10 -15 minutes. [C.1, C.5]
2. Female workers are not provided with menstruation break which they shall be entitled with as per local law. Furthermore, only piece-rate female workers are paid for the break but monthly-paid female workers are not paid. Further investigation noted that factory has regulated to provide menstruation break to workers. But it lacks of the mechanism for them to take break. So many of them do not take break. During the interview, workers confirmed that some time due to the production needs they could not take break while others wanted to take break but they were afraid to ask their leaders. So it is recommend that beside the policy establishment, factory should create a mechanism to support workers to take break [C.1, C.5, HOW.4.1]
3. The internal performance appraisal and salary increasing policies and procedures have not been established at the factory yet. [C.1, C.5, ER.29.1]
4. The specific Overtime Calculation for piece rate worker is not regulated in the Wage Policies, in special cases of overtime on Sunday, overtime after night shift on normal day, overtime after night shift on rest day and holiday, as required by law. [ER.18, ER.23.1]

In addition, definition of "Salary" (includes: Pay Rate, Allowances and Other Payment) is not aligned with the definition in the Collective Bargaining Agreement (CBA), in addition to the Wage Policies. [ER.18, ER.23.1]

Local Law or Code Requirement Vietnam Labor Code, Articles 102 and 155; Decree 45/ 2013/ ND-CP, Article 3; Circular 23/ 2015/ TT-BLDTBXH, Articles 4 and 6. FLA Workplace Code (Compensation Benchmarks C.1 and C.5; Employment Relationship Benchmarks ER.18, ER.23 and ER.29)

Root Cause

1. The factory management has not considered the cases of pre-production meeting and quality meeting in their payment method, so there is no regulation to monitor and pay for those periods. The time spent at the medical station is not reported effectively to the relevant HR staff to calculate.
2. The factory has informed workers about the menstruation break, but factory allows it to be arranged by workers and leaders themselves, so the implementation is not effective, as workers and leaders only focus on the production.
3. The factory has just split into an independent factory from its previous group last year. The factory management is still not complete to develop for comprehensive policies and procedure. There are still lacking relevant procedures to guide for the implementation.

4. There is a team for social compliance, but they are not well trained or not provided with specific training on FLA Workplace Code and Benchmarks and local laws. The responsibilities of compliance team are not clearly defined.
5. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system.

Recommendations for Sustainable Improvement

1. Review and update factory's relevant policies and procedure for wage calculation, pay rate and allowances.
2. Establish procedures to ensure regular review and increase salary for workers.
3. Clearly define the responsible staffs for each employment function.
4. Provide training on the updated relevant procedures for wages and benefits to responsible staffs and all relevant workers.
5. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures accordingly.

Recommendations for Immediate Action

1. Calculate and pay the piece rate workers for time off requested by the factory (pre-production meeting, quality meeting and time off due to sick leave and accident leave workers spend at the factory medical station).
2. Provide and pay for menstruation break for female workers as per local law.

History

Under Dispute No

**Action Plans**

Recommended Action Plan date Calendar Date  
 Recommended Completion Date 11/21/18 (MM/DD/YY)  
 Verification Method Follow-Up  
 Number of Action Plans  
 Finding without Action Plans No

Created by **Jane Feng - jane.feng@openviewservice.com** on **09/04/18 01:59:24 am**  
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# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-003

Type Hours of Work

Status Finding Raised

Category Immediate Action Required

- Finding Details
1. Based on the document review, relevant worker and management interview, security guards work six consecutive hours per day and they are not provided with short break time. In addition, at least one security guard in May 2018 was not entitled at least 12 hours of rest before starting a new working shift as required by law. [HOW.1.1, HOW.3]
  2. Based on the review of the working hour, personal leave and annual leave policy, issued by the Decision No.102/2017/MXPTB/NS dated Dec 27, 2017 and worker interview, if workers take personal leave more than 2 hours, factory shall deduct as annual leave. [HOW.18, HOW.11]

Local Law or Code Requirement Vietnam Labor Code, Articles 104, Clause 3 of Articles 108 and 109; Decree 45/ 2013/ ND-CP, Article 5. FLA Workplace Code (Hours of Work Benchmarks HOW.1.1, HOW.3, HOW.11 and HOW.18)

- Root Cause
1. The factory explains that they misunderstood the local law explanation for the break time of security guards.
  2. The factory does not check detailed working time and break time of the non-production workers such as security guards in their regular check.
  3. The factory has just split into an independent factory from its previous group last year. The factory management is still not complete to develop comprehensive policies and procedure. There are still lacking relevant procedures to guide for the implementation.
  4. There is a team for social compliance, but they are not well trained and are not provided with specific training on FLA Workplace Code and Benchmarks and local laws. The responsibilities of compliance team are not clearly defined.
  5. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system.

- Recommendations for Sustainable Improvement
1. Review and update factory's relevant policies and procedures for working hours and break.
  2. Clearly define the responsible staffs for each employment function.
  3. Provide training on the updated relevant procedures for working hours and breaks to responsible staffs and all relevant workers.
  4. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures of the factory to improve.

- Recommendations for Immediate Action
1. Provide break time for security guards during their working shifts and provide at least 12 hours of rest before starting a new working shift for security guards.
  2. Cease the practice of automatically deducting annual leave of workers for unpaid leave (personal leave, sick leave and leave without permission) and communicate to workers on their rights regarding paid and unpaid leave.

History

Under Dispute No

**Action Plans**

Recommended Action Plan date Calendar Date

Recommended Completion Date 11/21/18 (MM/DD/YY)

Verification Method Follow-Up

Number of Action Plans

Finding without Action Plans No

Created by **Jane Feng - jane.feng@openviewservice.com** on **09/04/18 02:00:31 am**

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# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-004

Type Industrial Relations

Status Finding Raised

Category Sustainable Improvement Required

Finding Details 1. 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. [FOA.2]

Local Law or Code Requirement FLA Workplace Code (Freedom of Association Benchmark FOA.2)

Root Cause 1. 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.

Recommendations for Sustainable Improvement

Recommendations for Immediate Action

History

Under Dispute No

## Action Plans

Recommended Action Plan date Calendar Date

Recommended Completion Date 08/21/19 (MM/DD/YY)

Verification Method Follow-Up

Number of Action Plans

Finding without Action Plans No

Created by Jane Feng - jane.feng@openviewservice.com on 09/04/18 02:01:28 am

Last modified by Wanjing Lu - Wlu@fairlabor.org on 09/20/18 03:33:17 am

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# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-005

Type Workplace Conduct & Discipline

Status Finding Raised

Category Sustainable Improvement Required

Finding Details 1. The factory has established policy to deduct for Personal Protective Equipment (PPE) lost, broken due to the fault of workers. However, there is no detailed guidance on how to assess and investigate for the workers' fault in each case to determine for the deduction. Accordingly, there is no record kept for investigation to prove the fault of workers for the deduction made. [ER.2, ER.27]

Local Law or Code Requirement FLA Workplace Code (Employment Relationship Benchmarks ER.2 and ER.27)

Root Cause 1. The factory thinks that the deduction is in compliance with the local law and they has not established detailed procedures to investigate each case for the deduction.  
2. There is team for social compliance, but they are not well trained or not provided with specific training on FLA Workplace Code and Benchmarks and local laws. The responsibilities of compliance team are not clearly defined.  
3. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system. The regular review for policies and procedures is not really conducted.

Recommendations for Sustainable Improvement 1. Review and update factory's relevant policies and procedures regarding workplace conduct and discipline.  
2. Clearly define the responsible staffs for each employment function including Labor Discipline.  
3. Provide training on the updated relevant procedures regarding workplace conduct and discipline to supervisors and all workers.  
4. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures and update accordingly. Monitor and evaluate the corrective action and preventive action after the review/ assessment.

Recommendations for Immediate Action

History

Under Dispute No

## Action Plans

Recommended Action Plan date Calendar Date

Recommended Completion Date 02/21/19 (MM/DD/YY)

Verification Method Follow-Up

Number of Action Plans

Finding without Action Plans No

Created by **Jane Feng** - jane.feng@openviewservice.com on 09/04/18 02:02:28 am

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Audited Site				
Supplier	Fair Labor Association			
Audit	AU180904-0000214-001			
Relationship Type	→ on			
Finding Identification				
Finding Reference	AF180904-000033-005			
Type	Health & Safety			
Status	Finding Raised			
Category	Immediate Action Required			
Finding Details	<p>1. Exit aisles at packing line and sewing line are obstructed by products and chairs. Workers exit paths are obstructed by chairs at sewing line. [HSE.1, HSE.5.1]</p> <p>2. Electrical plugs are put in the chemical secondary containers in the product washing room, which might cause risk for electrical safety. Irons are not put in designated area after being used while they are still hot that could cause fire safety risk. [HSE.1, HSE.13]</p> <p>3. No gas detection equipped in the gas storage area of the factory. The factory has the manual detection which is only used once or twice per day and is not used at all times. Therefore, the detection is not functioning at all times. [HSE.1, HSE.5.1]</p> <p>4. There is no smoke detector at waste storage area and chemical storage area no link with the central fire alarm control panel of the factory. [HSE.1, HSE.6.1]</p> <p>5. The firefighting water pump is not operated in auto mode which is required to maintain water pressure for the sprinkler system. It is in the manual operation mode. The water pressure of the fire hydrant is low during the testing, which indicates there is problem with the fire hydrant system. [HSE.1, HSE.6.1]</p> <p>6. Fire alarm sound at factory workshop No.2 is not loud enough to alert workers during the onsite testing. [HSE.1, HSE.5.1, HSE.6.1]</p> <p>7. There is no record kept for the layout and paths for the fire truck access to the factory buildings in case of emergency. [HSE.1, HSE.2]</p> <p>8. The office building is a 2-story building. However, the construction license No. 01/GPDC issued on December 25, 2013 for this building was only allow for 1-story building. [HSE.1, HSE.4]</p> <p>9. The factory has not established a rescue and salvage plan as legally required. [HSE.1, HSE.5.1]</p> <p>10. There are only 5 out of 70 members of fire team provided with required firefighting equipment (gloves, Cap, uniform, boot etc.). [HSE.6.1]</p>			
Local Law or Code Requirement	<p>Labor Code, Article 138; Vietnam Standard for Fire Prevention No. 2622:1995, Part 7; Vietnam Standard TCVN 5739:2000; TCVN 5890:2008; Points 6 and 8; Decree No. 169/2007/ND-CP; Article 23; Decree 79/2014/ND-CP; Article 7; Decree 64/2012/NĐ-CP; Article 3; Decree 83/2017/NĐ-CP; Article 9; Circular 96/2014/TT-BCHA; Article 5; FLA Workplace Code (Health, Safety &amp; Environment Benchmarks HSE.1, HSE.4, HSE.5 and HSE.13)</p>			
Root Cause	<p>1. The training for workforce on relevant Health and Safety is conducted but the effectiveness of the training is not really considered.</p> <p>2. The regular check is conducted by HSE team, but it seems that the check is still simple and not detailed enough to find the risks for fire safety, risk of machine and electrical wiring system and connection, chemical etc.</p> <p>3. The HSE responsible person is not well trained and the regular HSE inspection guidance of the factory management is not detailed enough.</p> <p>4. The factory has identified some non-compliance but have not taken the checking on time for the correction and preventive action.</p> <p>5. Due to the change in the management system and responsible person, some required documents are lost, not handed over and not kept available at the factory.</p> <p>6. There is a team for social compliance, but they are not well trained or not provided with specific training on FLA Workplace Code and Benchmarks and local laws. The responsibilities of compliance team are not clearly defined.</p> <p>7. There are still lacking relevant required procedures for Health and Safety activities, and the implementation of policies and procedures is not strictly followed.</p> <p>8. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system. There is no really regular review for the relevant policies and procedures of the factory.</p>			
Recommendations for Sustainable Improvement	<p>1. Review factory's relevant policies and procedures and update accordingly for Health and Safety including the fire safety and evacuation, regular inspection, reporting and correction to implement.</p> <p>2. Clearly define the responsible staffs for each employment function including Health, Safety and Environment.</p> <p>3. Provide training on the updated relevant procedures for Health, Safety and Environment to responsible staffs and all workers.</p> <p>4. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures to update accordingly. Monitor and evaluate the corrective action and preventive action after the review/assessment.</p>			
Recommendations for Immediate Action	<p>1. Keep exits and aisles clear from obstruction at all times.</p> <p>2. Immediately check and repair the fire-fighting water pumps system of the factory.</p> <p>3. Obtain all relevant permits, preparedness plan for all buildings for fire safety such permits for the 2nd floor of office and designed layout for the fire trucks to access the factory in case of emergency.</p> <p>4. Regularly check and maintain for electrical wiring system at production lines.</p>			
History	Under Dispute Yes			
Discussion				
NO	DATE	AUTHOR	COMMENT	ATTACHED FILES
1	09/20/18	Wangj Lu - Wuji@fairlabor.org	sub-finding no.10 How many members of fire team should be? root cause no.7 You have mentioned the lack of procedures for H&S, if it is the case, please add such a finding to a macro finding named "Policy & Procedures"	
2	09/29/18	Jane Feng - jane.feng@openviewservice.com	10. Overview: Based on the local law (Circular 66/2014/TT-BCHA), factory with more than 100 workers should have a fire team with at least 25 members. 7. Overview: We have added in the Macro finding that "factory procedures are not established or incomplete for regular Health and Safety inspection, reporting and improvement; missing of procedure for regular review the Health Safety permits and reports.	
3	12/43	Jane Feng - jane.feng@openviewservice.com		
Action Plans		Calendar Date		
Recommended Action Plan date	11/21/18 (MMDDYY)			
Recommended Completion Date	Follow-Up			
Verification Method				
Number of Action Plans				
Finding without Action Plans	No			
Created by Jane Feng - jane.feng@openviewservice.com on 09/04/18 02:03:49 am				
Last modified by Jane Feng - jane.feng@openviewservice.com on 12/28/18 12:43:44 am				
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# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-007

Type Health & Safety

Status Finding Raised

Category Immediate Action Required

- Finding Details
1. The objectives for Health, Safety and Environment is established but there is no regular monitoring or review for the established objectives. [HSE.1]
  2. Chemical bottles in the maintenance room of workshop No.1 are not labeled in the local language. [HSE.9.1]
  3. 10% of needle protection guards of sewing machines are put higher than the original installation, which is not adequate for workers' protection. Pedals of pressing machines are not provided with safety cover as required by safety regulations. [HSE.14.1]
  4. There are no safety instruction or button marks in the local language for washing machines at nthe canteen and heat cutting machine at production line. There are no loading capacity signs for goods storage shelves in the warehouse. [HSE.14.3]
  5. Cooked foods in the canteen are put lower than 60 centimeters, which is not in compliance with the local law. [HSE.22.1]
  6. There is no record to prove that factory has assessed the needs and the appropriate PPE types provided to workers. Therefore, 40% of sewing workers are using their own masks instead of masks provided by the factory. [HSE.7]
  7. Workers who handle machine with laser beam do not use PPE (glasses), even though the factory has provided them with regulation PPE. [HSE.8]
  8. Health and Safety risk assessment is not complete. There are no assessments conducted for the following areas: Workers who handle prolonged standing work, even though there are chairs for them, the chairs are put with products, so workers still have to stand; risks with scissors used at the production lines; electric connect points installed without plastic cover; fire-fighting water pump room. The worker survey forms used in the risk assessment does not include required information for the risk identification and the forms are asking general information only. [ER.31, HSE.1]
  9. The factory has not identified the list of machines for lockout/tagout procedures. [ER.31, HSE.1, HSE.14]
  10. Workers who handle prolonged standing work though there are chairs for them, but chairs are put with products, so workers still have to stand. [HSE.17.1]

Local Law or Code Requirement The Vietnam Labor Code, Article 138; The Occupational Health and safety Law, Article 18; The Law on Chemical No. 06/ 2007/ QH12, Article 27; Decree No. 39/ 2016/ ND-CP, Articles 4, 5 and 6; Circular 04/ 2014/ TT-BLDTBXH, Articles 4, 5 and 6. FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.1, HSE.7, HSE.8, HSE.9, HSE.14, HSE.17 and HSE.22)

- Root Cause
1. Though some policies and procedure are established, the management system is still not comprehensive, and the factory has not regulated to review for the established Objectives.
  2. The training for safety guard is provided to worker but lacking the regular monitoring and reminder for supervisors during the operation.

3. Missing of the detailed and effective regular training on food safety for workers working at kitchen and canteen by factory.
4. A guidance is in place for using laser beam, but the PPE use guidance is not clear and trained well to workers.
5. Though the factory has a team responsible for the health and safety risk assessment. Those staffs are still only provided with simple training for risk assessment, and the assessment is not comprehensive.
6. The PPE assessment is conducted but it is still just a surface assessment only.
7. The training for workforce on relevant health and safety is conducted but the effectiveness of the training is not really considered.
8. The regular check is conducted by HSE team, but it seems that the check is still simple and not detailed enough to find the risks for fire safety, risks of machine and electrical wiring system and connection, chemical etc.
9. The HSE responsible person is not well trained and the regular HSE inspection guidance of the factory management is not detailed enough.
10. The factory has identified some non-compliances but has not taken the checking on time for the correction and preventive action.
11. Due to the change in the management system and responsible person, some required documents are lost, not handed over and not kept available at the factory.
12. There is team for social compliance, but they are not well trained or not provided with specific training on FLA Workplace Code and Benchmarks and local laws. The responsibilities of compliance team are not clearly defined.
13. There are still lacking relevant required procedures for HSE activities, and the implementation of policies and procedures is not strictly followed.
14. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system. There is no really regular review for the relevant policies and procedures of the factory.

Recommendations for Sustainable Improvement

1. Review to establish and update factory's relevant policies and procedures for Health, Safety and Environment including the procedures for health and safety training, machine safety, PPE handling procedure, risk assessment, chemical safety, procedures for workers' food safety, procedure regular inspection, reporting and correction to implement.
2. Clearly define the responsible staffs for each employment function including Health, Safety and Environment.
3. Provide training on the updated relevant policies and procedures for Health, Safety and Environment to responsible staffs and all workers regularly. The evaluation after training should be conducted.
4. Conduct detailed regular assessment and cover all FLA Workplace and Code Benchmarks. Conduct regular review on policies and procedure and update accordingly. Monitor and evaluate the corrective action and preventive action after the review and assessment.

Recommendations for Immediate Action

1. Provide proper identification labels for all chemicals being used and stored at the factory in local language.
2. Provide PPE to eligible workers and provide training to workers working with laser beam on the use and maintenance of PPE.

History

Under Dispute No

**Action Plans**

Recommended Action Plan date Calendar Date  
 Recommended Completion Date 11/21/18 (MM/DD/YY)  
 Verification Method Follow-Up  
 Number of Action Plans  
 Finding without Action Plans No

Last modified by **Jane Feng** - [jane.feng@openviewservice.com](mailto:jane.feng@openviewservice.com) on 12/28/18 12:43:10 am

Date format: MM/DD/YY

# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-008

Type Environmental Protection

Status Finding Raised

Category Sustainable Improvement Required

Finding Details

1. Hazardous waste (adhesive tape contained with glue) at finished goods warehouse is not collected and put in designated storage area. [HSE.1]
2. Based on the document review, relevant worker and management interview, it is noted that there is no emergency preparedness plan established for waste water treatment plan. [HSE.1]

Local Law or Code Requirement Decree 38/ 2015/ NĐ-CP, Articles 7 and 8. FLA Workplace Code (Health, Safety & Environment Benchmark HSE.1)

Root Cause

1. The training has been conducted but the factory lacks regular check and control onsite for the implementation.
2. The factory is not aware of the requirement and the needs to establish an emergency procedure for waste water treatment plan.
3. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system.

Recommendations for Sustainable Improvement

1. Establish the emergency procedure for waste water treatment plan.
2. Review and update policies and procedures for Health, Safety and Environment including the procedure on waste management, regular inspection, reporting and correction to implement.
3. Clearly define the responsible staffs for each employment function including Health, Safety and Environment.
4. Provide training on the updated policies and procedures for Health, Safety and Environment to responsible staffs and all workers regularly. The evaluation after training should be conducted.
5. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures and update accordingly. Monitor and evaluate the corrective action and preventive action after the review and assessment.

Recommendations for Immediate Action

History

Under Dispute No

## Action Plans

Recommended Action Plan date Calendar Date

Recommended Completion Date 02/21/19 (MM/DD/YY)

Verification Method Follow-Up

Number of Action Plans

Finding without Action Plans No

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Date format: MM/DD/YY

# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-009

Type Policies & Procedures (Macro)

Status Finding Raised

Category Sustainable Improvement Required

Finding Details 1. The factory does not have any written policies on Workplace Conduct & Discipline. The written policies on Recruitment, Hiring & Personnel Development lack the statement and commitment on protection and requirements for special categories of workers. The written policies on Industrial Relations lack the statement and commitment on part of industrial relations. [ER.27, ER.1]

2. The procedures regarding Recruitment & Hiring lack the following information: 1). Personnel Development & Worker involvement; 2). criteria to evaluate workers after probation time and when renewing the labor contracts as per local law; 3). requirement and steps to handle for cases of voluntarily demoted, change jobs of workers.

The specific Overtime Calculation for piece rate worker is not regulated in the Wage Policies. The factory procedures are not established or incomplete for regular Health and Safety inspection, reporting and improvement; missing of procedure for regular review of the Health Safety permits and reports

The factory does not have policy regarding: 1). Hours of Work for Special Categories of Employees; 2). Industrial Relations handling; 3). Retrenchment. [ER.1, ER.23, ER.32]

3. The factory arranges pregnant workers to take maternity leave on 1st and 18th of each month for prenatal checks. However, there is no procedure to instruct how to handle cases where the workers want to take the maternity leave on other days during the month due to any reason, though factory explains that they will still allow these days. [C.1]

4. There is no procedure to guide for compressed air tanks (LPG) transportation and manual cargo lifts operation. [ER.31, HSE.1]

Local Law or Code Requirement FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.23, ER.27 and ER.32; Compensation Benchmark C.1; Health, Safety & Environment Benchmark HSE.1)

Root Cause 1. The factory is just split from its group last year and still missing management, staffs for a comprehensive compliance management system.  
2. The factory management has commitment with the FLA Workplace Code and Benchmarks, but they are still not much aware of all benchmarks and requirement.  
3. There are compliance staffs, but the staffs have not received specific training on FLA Workplace Code and Benchmarks.  
4. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system.

Recommendations for Sustainable Improvement 1. Study details about FLA Workplace Code and Benchmarks and assign the responsible staff for each employment function and clearly define in written.  
2. Provide training on FLA Workplace Code and Benchmarks to all factory responsible team.

3. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures to update accordingly. Monitor and evaluate the corrective action and preventive action after the review and assessment.

Recommendations for Immediate Action

History

Under Dispute No

#### Action Plans

Recommended Action Plan date Calendar Date

Recommended Completion Date 02/21/19 (MM/DD/YY)

Verification Method Follow-Up

Number of Action Plans

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# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-010

Type Training (Macro)

Status Finding Raised

Category Sustainable Improvement Required

- Finding Details
1. For the orientation training, it is confirmed that factory provided the orientation training to workers. However, it is still not a comprehensive orientation training as required by FLA benchmarks. Due to missing, incomplete policies and procedures of relevant Employment Functions (mentioned in policies & procedure macro finding), factory is unable to develop comprehensive orientation training materials, programs to provide training to workers. [ER.1, ER.15, ER.17]
  2. The factory provides the ongoing training to workers. However, it is still not a comprehensive orientation training as required by FLA benchmarks. Due to missing, incomplete policies and procedures of relevant Employment Functions (mentioned in policies & procedure macro finding), factory is unable to develop comprehensive training materials, programs to provide ongoing training to workers. [ER.1, ER.15, ER.17]
  3. The factory provides simple training regarding to Environmental Protection and Health & Safety functions. And due to missing, incomplete policies and procedures of relevant Employment Functions (mentioned in policies & procedure macro finding), comprehensive training materials, programs have not been established to provide other specific trainings for managers and supervisors, especially for below Employment Functions: Recruitment, Hiring & Personnel Development; Compensation; Hours of Work; Termination & Retrenchment; Industrial Relations; Workplace Conduct & Discipline; and Grievance System. [ER.1, ER.15, ER.17]

Local Law or Code Requirement FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15 and ER.17)

- Root Cause
1. The factory just split from its group last year and still missing management, staffs for a comprehensive compliance management system.
  2. The factory management has commitment with the FLA Workplace Code and Benchmarks, but they are still not aware of all benchmarks and requirement to deploy.
  3. There are missing the relevant policies and procedures, not clearly define the responsibility of teams/ sections in the factory for compliance management system.
  4. There are compliance staffs, but the staffs have not received specific training on FLA Workplace Code and Benchmarks.
  5. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system.

- Recommendations for Sustainable Improvement
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. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures to update accordingly. Monitor and evaluate the corrective action and preventive action after the review/ assessment.

Recommendations for Immediate Action

History

Under Dispute No

#### Action Plans

Recommended Action Plan date Calendar Date

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# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-011

Type Communication & Worker Involvement (Macro)

Status Finding Raised

Category Sustainable Improvement Required

Finding Details 1. 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/ 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 Cause

1. Training for workers is not conducted effectively.
2. The factory is just split from its group last year and still missing management, staffs for a comprehensive compliance management system.
3. There are missing relevant policies and procedures for training and communication as well as the evaluation after those processes, the responsibilities of the teams and sections are not clearly defined in the factory for compliance management system.
4. There are compliance staffs, but the staffs have not received specific training on FLA Workplace Code and Benchmarks.

Recommendations for Sustainable Improvement

1. Review to establish and update factory's relevant policies and procedures for workers' training and involvement.
2. Clearly define the responsible staffs 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.
4. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures to update accordingly. Monitor and evaluate the corrective action and preventive action after the review or assessment.

Recommendations for Immediate Action

History

Under Dispute No

## Action Plans

Recommended Action Plan date Calendar Date

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# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-012

Type Review Process (Macro)

Status Finding Raised

Category Sustainable Improvement Required

Finding Details 1. The factory has policy and procedures to regulate conducting regular review for policies and procedures. However, a comprehensive regular review has not been effectively conducted. Therefore, the procedures have not been fully implemented to ensure that policies and procedures are effective, updated according to local laws and the FLA Workplace Code and Benchmarks 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. [ER.1, ER.25, ER.26, ER.27, ER.28, ER.29, ER.30, ER.31]

Local Law or Code Requirement FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.25, ER.26, ER.27, ER.28, ER.29, ER.30 and ER.31)

Root Cause 1. There are missing relevant parts of the policies and procedures. They do not clearly define the responsibility of teams or sections in the factory for compliance management system.  
2. There are compliance staffs, but the staffs have not received specific training on FLA Workplace Code and Benchmarks.  
3. The factory has internal assessments and regular management review, however, it's still not effective or comprehensive to assess the factory's compliance system.

Recommendations for Sustainable Improvement 1. Conduct a regular review on all the policies and procedures and ensure all the updated policies and procedures are in line with local law and FLA Benchmarks.

Recommendations for Immediate Action

History

Under Dispute No

## Action Plans

Recommended Action Plan date Calendar Date

Recommended Completion Date 02/21/19 (MM/DD/YY)

Verification Method Follow-Up

Number of Action Plans

Finding without Action Plans No



# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type

DIR

## Finding Identification

Finding Reference AF180904-0000033-013

Type Compensation

Status Finding Raised

Category Notable Feature

- Finding Details
1. The factory is located in Zone IV, but the factory is using the minimum wage of Zone II to pay for its workers, which is much higher.
  2. Though the mandated insurance (social, health and unemployment insurance) is contributed, the factory purchases 24/24 commercial insurance for all workers.
  3. The factory pays full salary for workers during the probation time.
  4. Though there is no law required, the factory provides vitamin for workers who are pregnant from the 4th month on wards.

Local Law or Code Requirement

Root Cause

Recommendations for Sustainable Improvement

Recommendations for Immediate Action

History

Under Dispute No

## Action Plans

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## Maxport Limited - Suppliers Findings

### Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type



DIR

### Finding Identification

Finding Reference AF180930-000033-001

Type Responsibility & Accountability (Macro)

Status Finding Raised

Category Sustainable Improvement Required

Finding Details 1. Although the responsibilities for the following Employment Functions are said to be assigned, but they are not in written: Personnel Development; Workplace Conduct & Discipline; Termination & Retrenchment; Industrial Relations; Compensation; and Grievance System. [ER.1]

Local Law or Code Requirement FLA Workplace Code (Employment Relationship Benchmark ER.1)

Root Cause 1. The factory is just split from its group last year and still missing management, staffs for a comprehensive compliance management system.  
2. The factory management has commitment with the FLA Workplace Code and Benchmarks, but they are still not much aware of all benchmarks and requirement.  
3. There are compliance staffs, but the staffs have not received specific training on FLA Workplace Code and Benchmarks.

Recommendations for Sustainable Improvement 1. Study details about FLA Workplace Code and Benchmarks and assign the responsible staffs for each employment function and clearly define in written.  
2. Provide training on FLA Workplace Code and Benchmarks to all factory responsible team.

Recommendations for Immediate Action

History

Under Dispute No

### Action Plans

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# Maxport Limited - Suppliers Findings

## Audited Site

Supplier Fair Labor Association



Audit AU180820-0000214-001

Relationship Type



DIR

## Finding Identification

Finding Reference AF180930-000033-002

Type Termination & Retrenchment

Status Finding Raised

Category Sustainable Improvement Required

Finding Details 1. The factory regulates in the Collective Bargaining Agreement (CBA) that the 13th salary should be paid to workers, but it is too general, therefore workers who resign before the payment date is not entitled to this bonus. During the interview, workers were not clear if they were eligible for the bonus when they quit before the payment date. So to make it clear who are eligible for the bonus, factory should make detailed in its policy or in the CBA for the scope of the bonus, it should be clearly stated in the policy or CBA that the bonus is only paid for workers who are still working at the payment time for example, and this policy should be well communicated to all workers. [ER.22, C.1]

Local Law or Code Requirement FLA Workplace Code (Employment Relationship Benchmark ER.22; Compensation Benchmark C.1)

Root Cause 1. The factory just split from its group last year and is still missing management and staff for a comprehensive compliance management system.  
2. The factory management is committed to the FLA Workplace Code and Benchmarks, but they are still not fully aware of all benchmarks and requirements.  
3. There are compliance staffs, but the staffs have not received specific training on FLA Workplace Code and Benchmarks.  
4. The factory has internal assessments and regular management review, however it's still not effective or comprehensive to assess the factory's compliance system.

Recommendations for Sustainable Improvement 1. Study details about FLA Workplace Code and Benchmarks and assign a responsible staff for each employment function and clearly define in written.  
2. Provide training on FLA Workplace Code and Benchmarks to the whole factory responsible team.  
3. Conduct detailed regular assessment and cover all FLA Workplace Code and Benchmarks. Conduct regular review on policies and procedures to update accordingly. Monitor and evaluate the corrective action and preventive action after the review or assessment.

Recommendations for Immediate Action

History

Under Dispute No

## Action Plans

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