



2008

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** New Wave Group  
**COUNTRY:** Vietnam  
**FACTORY CODE:** 770084995G  
**MONITOR:** Global Standards  
**AUDIT DATE:** December 23, 2008  
**PRODUCTS:** Knitwear, Jackets  
**PROCESSES:** Cutting, Sewing, Finishing  
**NUMBER OF WORKERS:** 1406

**FLA Comment:** *This report was submitted to the FLA and the FLA-affiliated company by the accredited independent external monitor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.*



**CONTENTS:**

Wages, Benefits and Overtime Compensation: False Payroll Records \_\_\_\_\_ 3  
Freedom of Association: Right to Freely Associate \_\_\_\_\_ 4  
Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies) \_\_\_\_\_ 5  
Miscellaneous: Illegal Subcontracting \_\_\_\_\_ 6  
Health and Safety: General Compliance Health and Safety \_\_\_\_\_ 7  
Health and Safety: Evacuation Requirements and Procedure \_\_\_\_\_ 8  
Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance \_\_\_\_\_ 9  
Health and Safety: Machinery Maintenance and Worker Training \_\_\_\_\_ 10  
Health and Safety: Bodily Strain \_\_\_\_\_ 11



### **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)

#### **Uncorroborated Evidence of Noncompliance**

**Explanation:** Wages and hours in August 2008 could not be verified due to discrepancies in time, payroll and other records. Monitor found cases of OT hours on time cards; monthly OT summary and payroll are same, but less on OT sign-up sheet. Management explained that records managed and checked by staff member that had left factory. Discrepancies may be because they did not check carefully. Interviewed workers said they work 7:00am – 3:30pm. In case of OT, work until 6pm on frequent schedule, sometimes until 8:00pm. 3 workers said they only record time on time cards until 6pm, if work until 8:00pm, supervisor records time separately on attendance sheet. Monitor believed OT sign-up sheet is attendance sheet, where time is recorded separately by supervisor when workers work until 8:00pm. Also, monitor found extra payment list in August 2008, with amount and workers' signatures. Monitor did analysis and found that amounts paid on this list match with OT hours on OT sign-up sheet. This means OT after 6pm recorded on OT sign-up sheet and paid in extra payment list. Yet, management did not acknowledge practice, explaining they have policy to pay workers additional amount to guarantee living wages. Total additional amount for each line decided by management board, then line supervisors divide amount for every worker, but amounts differ among workers without clear criteria. This bonus system is not transparent or clearly documented. Interviewed workers did not know about this policy.

**Plan Of  
Action:**

**Deadline  
Date:**

**Action  
Taken:**

**Plan  
Complete:**

**Plan  
Complete  
Date:**

### **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:**

**Plan  
Complete  
Date:**

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

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

**Noncompliance**

**Explanation:** According to management interview and record review, found that factory has policy to pay workers additional amount to guarantee living wages. However, amounts vary among workers without clear criteria.

**Plan Of Action:**

**Deadline Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

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**Miscellaneous: Illegal Subcontracting**

MISC.1 Illegal Subcontracting

**Noncompliance**

**Explanation:** According to management interview and record review, found that:

1. New Wave workplace standards are not communicated to subcontractors.
2. New Wave production placed to subcontractor without proof of approval from the company.

**Plan Of  
Action:**

**Deadline  
Date:**

**Action  
Taken:**

**Plan  
Complete:**

**Plan  
Complete  
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## Health and Safety: General Compliance Health and Safety

H&S.1 Employers shall comply with all local laws, regulations and procedures concerning health and safety. (S)

### Noncompliance

**Explanation:** 1. Boiler and air compressor operators not trained on safety regularly; safety card expired in 2006.

2. Environmental impact assessment certificate not available.

3. Factory did not conduct regular environmental monitoring.

4. Electrical grounding test was not conducted in 2008.

5. Factory fire fighting team not received annual training.

6. Finished goods warehouse wider than 100m<sup>2</sup>, smoke detection system not installed.

**Plan Of  
Action:**

1. Invite authorized agency to train operators on safe operation as required by local law.

2. Contact local authorities to obtain the environmental certificate.

3. Monitor surrounding environment regularly.

4. Grounding test should be conducted to prevent accident related to electrical hazards.

5. Fire fighting team should be trained by local fire police at least once year.

6. Factory to install a fire detection system for finished product warehouse.

**Deadline  
Date:**

**Action  
Taken:**

**Plan  
Complete:**

**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. No emergency light or exit sign at some exits.

2. In workshop, exit signs are not lighted and not standard.

**Plan Of Action:** 1. Factory to install more emergency light and exit signs where needed.

2. Exit signs must be lighted and designed as per national standards.

**Deadline**

**Date:**

**Action**

**Taken:**

**Plan**

**Complete:**

**Plan**

**Complete**

**Date:**

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**Health and Safety: Ventilation/Electrical/Facility Installation and Maintenance**

H&S.17 All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and in such a manner as to prevent or minimize hazardous conditions to workers in the facility. (S)

**Noncompliance**

**Explanation:** 1. Main electrical station is not safe. There are no guards and no panels. Warning sign is small and not visible.

2. Maintenance room is not in order and in high risk of electrical safety.

**Plan Of Action:** 1. Access to electrical station will be limited to unauthorized persons.

2. Guards and warning signs should be installed.

3. Factory to reorganize maintenance room and monitor electricians to prevent accidents related to electrical or machinery risks.

**Deadline**

**Date:**

**Action**

**Taken:**

**Plan**

**Complete:**

**Plan**

**Complete**

**Date:**

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### **Health and Safety: Machinery Maintenance and Worker Training**

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

#### **Noncompliance**

**Explanation:** 1 machine in maintenance room did not have a guard.

**Plan Of Action:** Factory to provide guards for all heavy machinery with moving parts.

**Deadline Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

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### Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

#### Noncompliance

**Explanation:** Factory provides floor mats for only some of the standing workers.

**Plan Of Action:** Foot mats should be provided to all workers doing long standing jobs.

**Deadline Date:**

**Action Taken:**

**Plan Complete:**

**Plan Complete Date:**

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