

Workplace Conditions Assessment Report

Measured Results —Improved Performance



DHA - BAC NINH CO., LTD

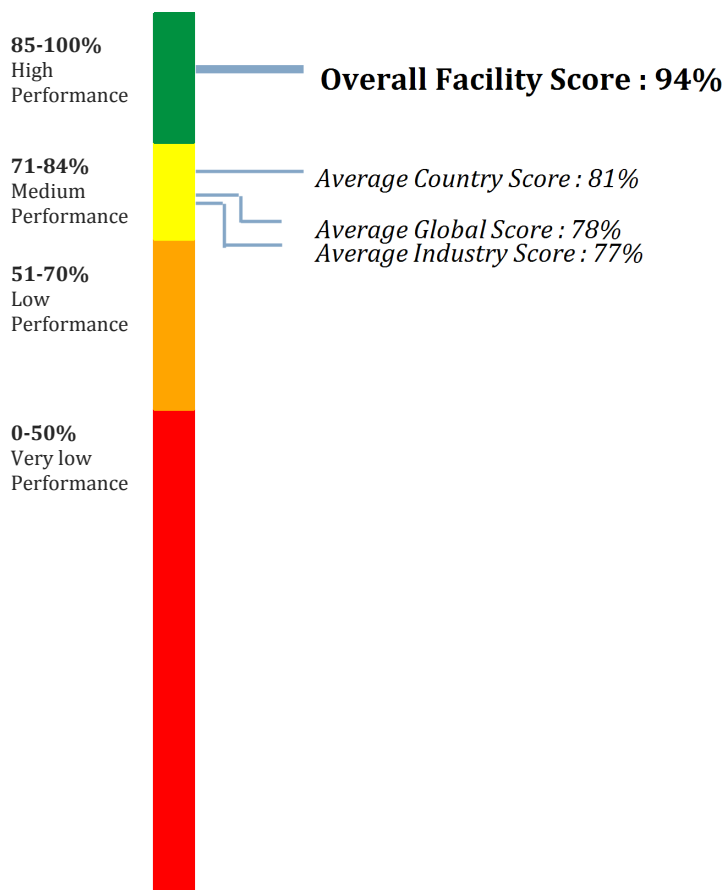
GENERAL INFORMATION

Overall Facility Score : **94%**

Report No :	F_IAR_33597	City :	N/A
Audit Date :	Jun 21, 2016	Country :	Vietnam
Last Audit :	Jul 08 - Jul 09, 2015 (97%)	Auditors :	Primary: Chau Nguyen
Assessment Stage :	Annual		Secondary: Hong Dinh, Thanh Le
Schedule Type :	Semi-Announced	Service Provider:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 20954



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
Overall	94%	-	-	2	2	-
Labor	100%	-	-	-	-	-
Wages & Hours	100%	-	-	-	-	-
Health & Safety	90%	-	-	2	-	-
Management Systems	93%	-	-	-	2	-
Environment	100%	-	-	-	-	-

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	DHA - Bac Ninh Co., Ltd	Facility Legal Status:	Privately owned
Facility Legal Name:	DHA-Bac Ninh Co., Ltd	Year facility began operations:	August 8, 2010
Audit Location:	Tao Doi Industrial Zone, Thua Town, Luong Tai District	Located in special economic zone:	No
City:	N/A	Person responsible for overall social compliance issues:	Ms. Vu Thi Hien - Compliance Officer
Country:	Vietnam	Valid certificate for social compliance certification program:	None
Contact Name:	Mr. Pham Ngoc Anh	Vendor Name:	Hansae Co. Ltd
Contact Title:	Executive Director	Security systems in place:	Yes <i>The security guards and CCTVs system are being used to monitor at the main gate for security reason.</i>
Industry:	Apparel		
Building Description:	Three (3) 1-storey building used for production, warehouses, canteen and office. The total land area is 30,000 square meters. Two one-storey buildings with 8,600 square meters for production and one one-storey building with 1,000 square meters for canteen. All buildings are constructed of steels and concrete. No dormitory in this facility.		
Special building type:	NA		

A2. PRODUCTION INFORMATION

Products manufactured/ Services provided:	Knit wear	Time record system(s) used:	Finger print system
Production process/ Service elements:	Cutting, Sewing, Finishing, Pressing, Inspection and Packing	Chemicals or hazardous materials on-site:	Yes <i>Acetone, diesel, machine oils.</i>
Production capacity a week:	375, 000pcs	Current production/ Services for client:	Yes
Total number of machines:	1302		
Main machine types:	Single needle, double needle, over-lock, flat-lock, bar-tack, button hole, button sew, snap button, cutting, fusing, pressing		
Shifts and Operating hours:	The normal working hours is from 7:30 am - 4:30 pm with break from 11:15 am to 12:15 pm or from 12:00 am - 1:00 pm. The weekly working days from Monday to Saturday. The designated weekly rest day is Sunday.		

A3. EMPLOYEE INFORMATION

Range of total number of employees at the facility:	1001-5000 employees	Female Employees:	1182
Union name:	DHA-Bac Ninh Co., Ltd Trade Union	Male Employees:	195
Employs juvenile workers:	None	Mgmt Employees:	9
Hires through employment agent:	No <i>The facility hires employees directly</i>	Production (Non- Management) Employees:	1368
Employee nationalities/ provinces:	Vietnamese	Local Employees:	1377
		Foreign/Migrant Employees:	0
		Languages spoken in the facility:	Vietnamese
		Management and employees speak same language :	Yes

A4. SUBCONTRACTOR INFORMATION

Subcontractor# :	1		
SubContractor Name:	Seoul Print Vina Co., Ltd	Address:	Khai Quang Industrial Zone, Vinh Yen City, Vinh Phuc Province
Contact Name:	Mr. Pham Giang Nam		
Telephone:	+84-211-3844-021		
Email Address:	svprint@hanmail.net		
Process Type:	Subcontractor provides components or embellishments that contain a private label or proprietary brand logo		
Process subcontracted:	Printing		
Social Audits performed:	Yes	Type of Social Audits:	WCA - 89%
Private label items:	No		
Subcontractor# :	2		
SubContractor Name:	Saint Co., Ltd	Address:	Xa My Ward, Nam Dinh City, Vietnam
Contact Name:	Mr. Manh Dung		
Telephone:	+84-210-3955160		
Email Address:	sainthanoi@hanmail.net		
Process Type:	Subcontractor provides consumer ready components to be used in finished goods		
Process subcontracted:	Embroidery		
Social Audits performed:	Yes	Type of Social Audits:	WCA - 96%
Private label items:	No		

A5. GENERAL INFORMATION

DHA-Bac Ninh Co., Ltd is a private company which located at Tao Doi Industrial Zone, Thua Town, Luong Tai District, Bac Ninh Province, Vietnam. The total land area by the facility is about 30,000 square meters. They have operated at their existing location since 2010. The main products manufactured by the facility are Knit tops and bottoms. As confirmed from facility's management, the peak season is started from June to August. The facility declared that they are using sub-contractors for printing and embroidery and current they have production for this client in the audit date. Employees' wage are paid base on monthly rate basis and paid on 15th of the next month. Finger printing system is used to record working hours of employees. The interviews were carried out in a privacy room, without the presence of the facility's representative. During the interview, employees answered the questions of auditors naturally. During the audit, the facility management showed a constructive attitude in support of the audit process. All documentations requested for review were provided in a timely manner. Locked areas encountered during the audit were unlocked. At the end of the audit, all the findings were accepted by the facility management. The employees' personal files including the copies of ID cards, birth certificate, family books and CV which proved employees age are well maintained by HR department.

Emergency Preparedness Summary

During facility tour, auditors observed that there are from 2 to 6 emergency exits for each working section. The facility has adequate firefighting equipments. The facility has 100 fire extinguishers in A, B, C types are hung around the facility in appropriate distance. 475 smoke detector system has been installed in the material warehouse and finished goods warehouse as legal requirement. 24 hydrants and 26 fire hoses are set up to supply water for firefighting of premises. Fire alarm systems with 25 fire alarm buttons are installed both inside and outside the facility. 02 water pumps (1 gasoline and 1 electric) are available at place. All the exits and aisles are unlocked and kept free of obstacle during the working hours. There is at least one evacuation map posted at each workshop to guide employees evacuate and response and case of emergency. From document review and employees interview, emergency fire and evacuation drill is conducted once time with police and one time internally per year for all employees instead of quarterly as Client requirement. The last fire and evacuation drill was conducted on February 25, 2016.

A6. AUDIT PROCESS

Audit pay period provided for review

Records	From	To
12 Months Payroll	1/6/2015	31/5/2016
12 Months Attendance	1/6/2015	31/5/2016

Employee interview sampling

Individual	30
Group	2 groups of 5
Total interviewed	40

Payroll and attendance records sampling

Period	From	To	Peak Season	Records Reviewed
Current Period	1/5/2016	31/5/2016	No	30
Period 1	1/3/2016	31/3/2016	No	10
Period 2	1/08/2015	31/08/2015	Yes	10
Total				50

Other records reviewed

Personnel records

Security log book

Non-Production records

Legal Permits

Employee leave register

Health examination records

Other : Environment record

Machine maintenance records

Production records

Employment contracts

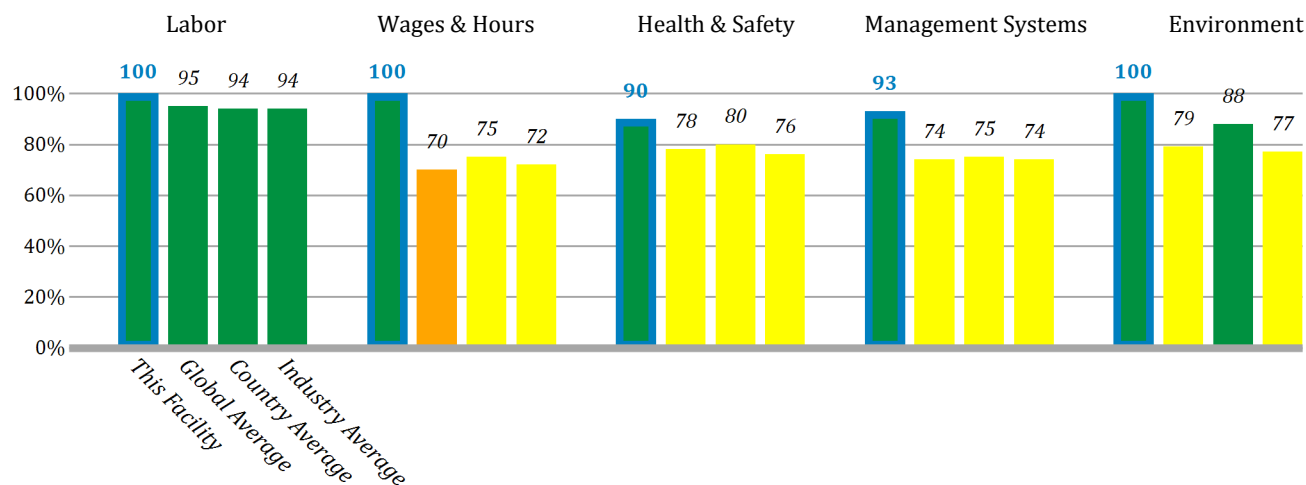
Social insurance documentation

Infirmery logs

B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, Vietnam average, Apparel average

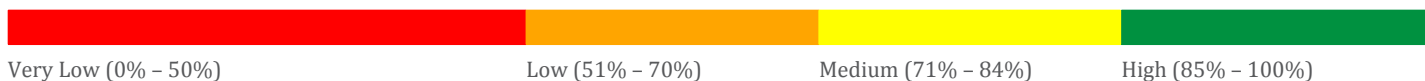


B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (21-Jun-2016)	Last (08-Jul-2015)	First (12-Mar-2014)	Change (Current-Last)	Change (Current-First)
Labor	100	100	97	0 % 	3 % 
Wages & Hours	100	100	82	0 % 	21 % 
Health & Safety	90	95	84	-5 % 	7 % 
Management Systems	93	97	63	-4 % 	47 % 
Environment	100	100	81	0 % 	23 % 
Overall Score	94	97	81	-3 % 	16 % 

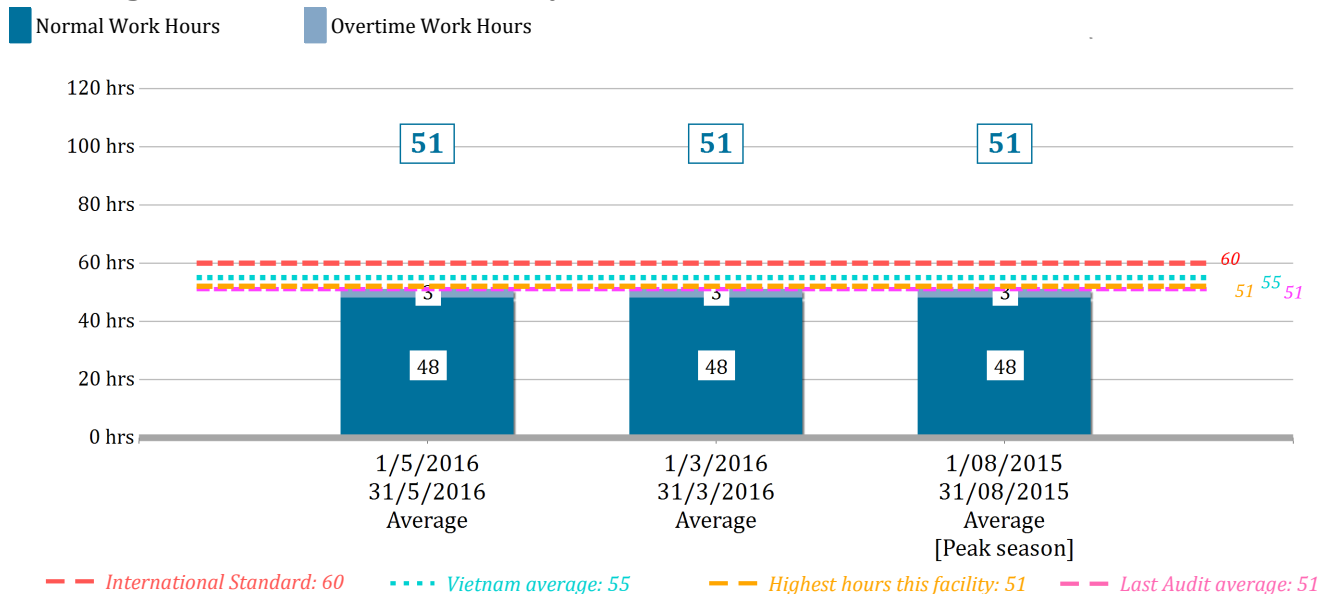
 Advancers  Constant  Decliner

PERFORMANCE RATING

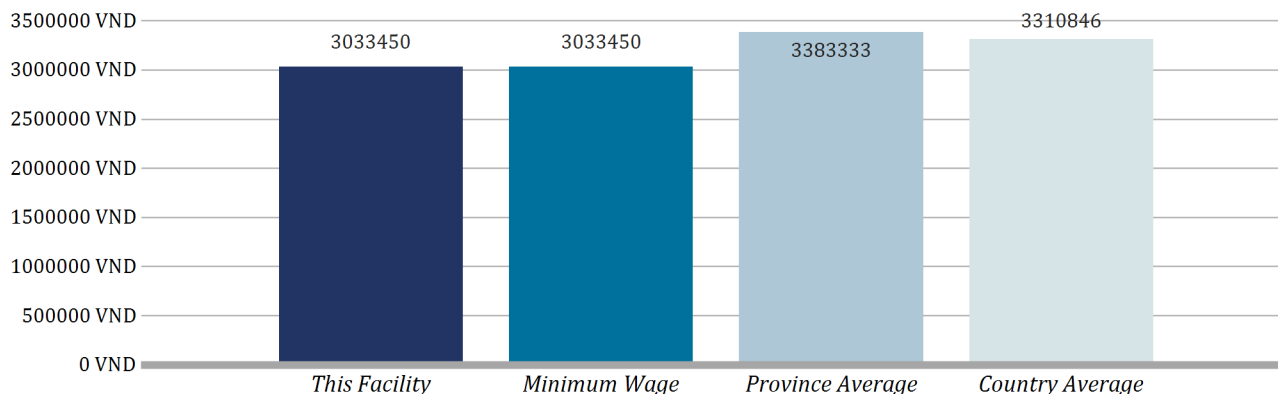


B3. WORKING HOURS AND WAGES

Average total hours worked weekly



Average wages paid in local currency (VND)



Special wage circumstances:

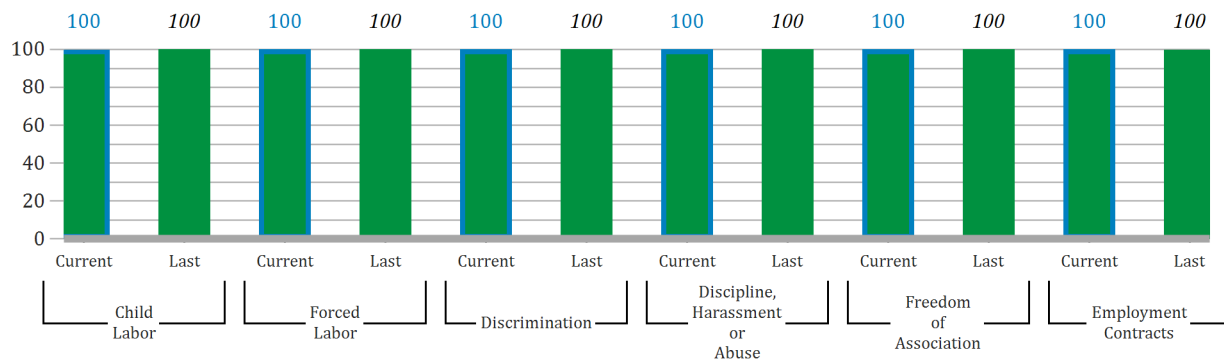
Wages and hours summary: The facility uses the finger print system to record employees working hours. All employees work for 8 hours per day in six (6) days a week. Sunday is the designated rest day. From employees interview, they confirmed the working hours are recorded accurately and compensated accordingly. Minimum wage for employee in this facility is VND 2,700,000/ month for employees effective from January 2016. Employees wage are compensated on monthly rate for all employees. Wage is paid in cash on 15th of next month. Employees overtime wage is compensated a 150% on week day, 200% on weekly rest day and 400% on holidays of the regular hour rate (if any). Compulsory social, health and unemployment insurance has been contributed for 1345 eligible employees up to May 2016.

C. PERFORMANCE DETAILS

Current (21-Jun-2016) Last (08-Jul-2015)

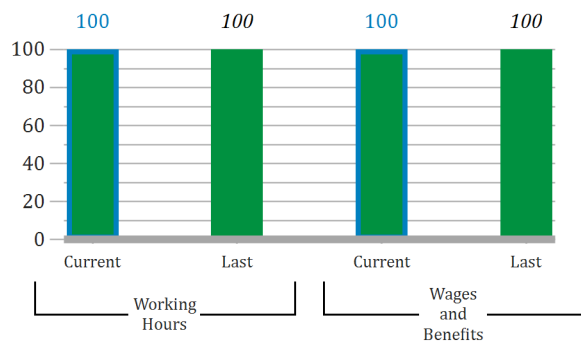
C1. Labor

100%



C2. Wages & Hours

100%



PERFORMANCE RATING



Very Low (0% - 50%)

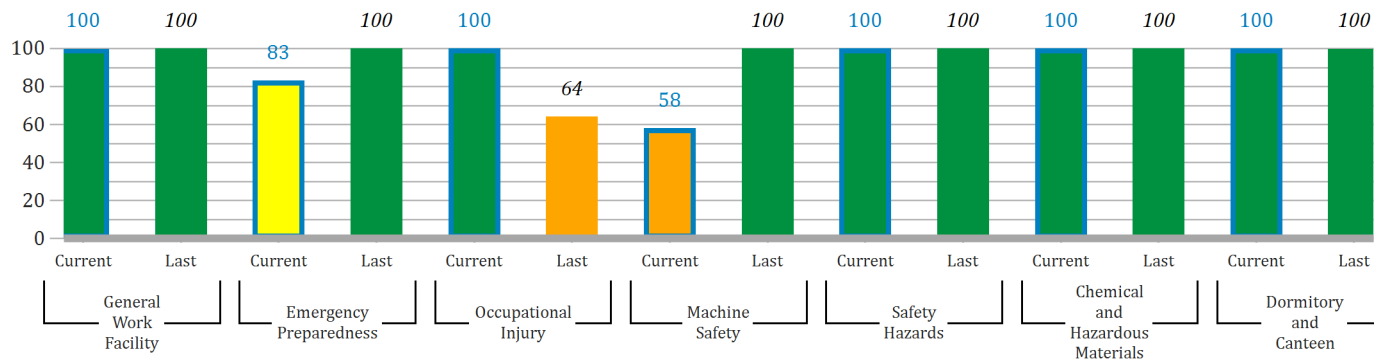
Low (51% - 70%)

Medium (71% - 84%)

High (85% - 100%)

C3. Health & Safety

90%



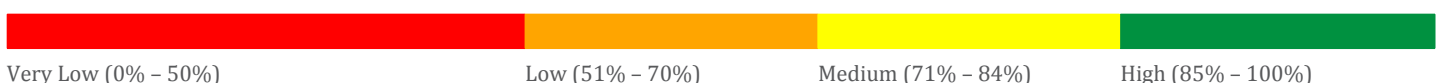
Sub Section: Emergency Preparedness

Status	Findings	% Global freq of compliance
● Moderate	197.00 : There has not been an emergency evacuation drill for all areas and shifts in the last 12 months or as required by law Auditor's comment It was noted that the facility did not conduct fire drills and evacuation drills on quarterly based on client requirement. But the facility was in compliance with the local law requirement of once a year. Chapter III, Article 22 of Decree No. 35/2003/ND-CP dated 4th April 2003 The employer should conduct fire drill and evacuation practice for employees annually based on prevention and fighting plan approved by Fire Department. The fire drill should be conducted with participating of fire fighting police and all fire fighting equipments mentioned in the fighting plan should be presented. Article 21, point 4 of Decree No. 79/2014/ND-CP dated on July 31, 2014 The fire-fighting plan drills must be organized periodically at least once a year and irregularly when so requested. Forces and means included in plans, when mobilized, must fully participate therein.	82%

Sub Section: Occupational Injury

Status	Findings	% Global freq of compliance
● Corrected	205.00 : <i>Previous Non-Compliance</i> : First aid kits are not fully stocked with supplies Auditor's comment Annual audit conduct on July 08, 2015 It was noted that supplies of 4 first aid kits in production were insufficient (14 items instead of 21 items as required by law) Annual audit conducted on June 21, 2016 This finding was corrected During the facility tour, all first aid kits were provided with sufficient first aid supplies.	95%

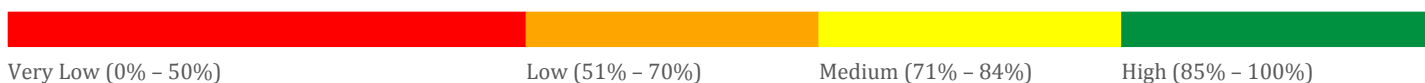
PERFORMANCE RATING



Sub Section: **Machine Safety**

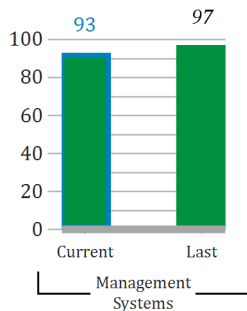
Status	Findings	% Global freq of compliance
● Moderate	225.00 : The use of personal protective equipment (PPE), such as face masks, safety gloves, earplugs, etc as required to protect employees from machine hazards, is not provided to the employees by the facility Auditor's comment It was noted that 2 out of 5 cutting operators used 1 metal gloves instead of 2 while operating band cutting machines. Article 138 of Vietnam Labor Code The facility shall have the obligation: a) To ensure the workplace meets the requirements of space, ventilation, dust, steam, toxic gas, radiation, electro magnetic field, heat, humidity, noise, vibration and other harmful elements specified in the relevant technical regulations and those factors must be tested and measured periodically. b) To ensure the conditions on labour safety and hygiene for machinery, equipment, workshop to reach the national technical regulations on labor safety and hygiene or standards on labour safety and hygiene at the workplace that has been published and applied. c) Testing and assessing the dangerous and harmful factors, harmful at workplace of the facility to set out the exclusion measures to minimize hazards, harmfulness and improve the working conditions and health care for the employees; d) Periodically testing and maintaining the machinery, equipment, workshops and warehouses; dd) There must be instruction table on labour safety and hygiene for the machinery, equipment and workplace and it should be put at the legible and visible place labour safety and hygiene the workplace; Article 138 of Vietnam Labor Code (10/2012/QH13) The facility shall have the obligation: a) To ensure the workplace meets the requirements of space, ventilation, dust, steam, toxic gas, radiation, electro magnetic field, heat, humidity, noise, vibration and other harmful elements specified in the relevant technical regulations and those factors must be tested and measured periodically. b) To ensure the conditions on labour safety and hygiene for machinery, equipment, workshop to reach the national technical regulations on labor safety and hygiene or standards on labour safety and hygiene at the workplace that has been published and applied. c) Testing and assessing the dangerous and harmful factors, harmful at workplace of the facility to set out the exclusion measures to minimize hazards, harmfulness and improve the working conditions and health care for the employees; d) Periodically testing and maintaining the machinery, equipment, workshops and warehouses; dd) There must be instruction table on labour safety and hygiene for the machinery, equipment and workplace and it should be put at the legible and visible place labour safety and hygiene the workplace;	93%

PERFORMANCE RATING



C4. Management Systems

93%

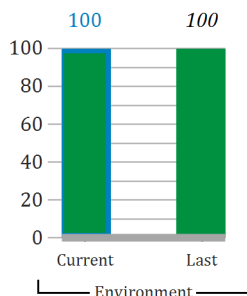


Sub Section: Management Systems

Status	Findings	% Global freq of compliance
● Minor	296.06 : The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented Auditor's comment The facility established policies and procedures, the monitoring system may not be effective or policies are incomplete thus resulting to lapses of implementation with the finding.	71%
● Minor	296.07 : The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented Auditor's comment Annual audit conducted July 08, 2015 The facility has comprehensive employees safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented. Annual audit conducted on June 21, 2016 This finding was not corrected. The facility established policies and procedures, the monitoring system may not be effective or policies are incomplete thus resulting to lapses of implementation with the finding.	61%

C5. Environment

100%



PERFORMANCE RATING



Very Low (0% - 50%)

Low (51% - 70%)

Medium (71% - 84%)

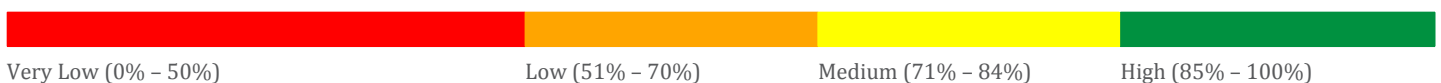
High (85% - 100%)

% Global Frequency of Compliance:	Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue
Identification numbers:	Represents the finding ID associated with each checklist question

RECOMMENDATION FOR IMPROVEMENT PLAN TIMELINE

- Minor Take action within 0 ~ 6 months to make necessary improvements.
- Moderate: Take action within 0 ~ 3 months to make necessary improvements.
- Major : Take action within 0 ~ 1 month to make necessary improvements.
- Zero Tolerance: Take immediate action to make necessary improvements.

PERFORMANCE RATING



D. STRENGTHS AND CHALLENGES

Facility Strengths: Facility performance ranks in the top percentile of the population and/or has implemented a best practice process	Rating	Global Freq. of Compliance%
Total overtime hours are within allowable limits under applicable law or agreement.	Moderate	51%
The facility provides social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	58%
The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements and are being properly implemented	Minor	59%

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
The use of personal protective equipment (PPE), such as face masks, safety gloves, earplugs, etc as required to protect employees from machine hazards, is not provided to the employees by the facility	Moderate	93%
There has not been an emergency evacuation drill for all areas and shifts in the last 12 months or as required by law	Moderate	82%
The facility has comprehensive emergency preparedness processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented	Minor	71%
The facility has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented	Minor	61%

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