

Workplace Conditions Assessment Report

Measured Results — Improved Performance



MINH ANH KIM LIEN GARMENT JOINT STOCK COMPANY

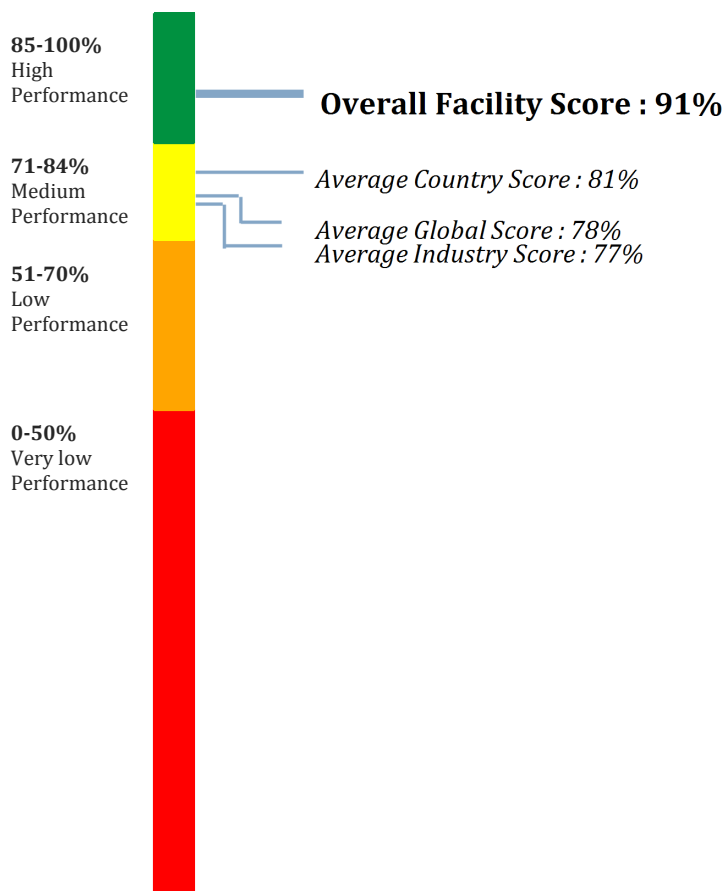
GENERAL INFORMATION

Overall Facility Score : **91%**

Report No :	F_IAR_45925	City :	Vinh
Audit Date :	Jul 04, 2016	Country :	Vietnam
Last Audit :	Jul 22 - Jul 23, 2015 (94%)	Auditors :	Primary: Hung Pham
Assessment Stage :	Annual		Secondary: Nguyen Phuong
Schedule Type :	Semi-Announced	Service Provider:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 21124



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
Overall	91%	-	-	3	4	-
Labor	100%	-	-	-	-	-
Wages & Hours	85%	-	-	1	-	-
Health & Safety	90%	-	-	2	-	-
Management Systems	85%	-	-	-	4	-
Environment	100%	-	-	-	-	-

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	Minh Anh Kim Lien Garment Joint Stock Company	Facility Legal Status:	Privately owned
Facility Legal Name:	Minh Anh-Kim Lien Garment JSC	Year facility began operations:	2009
Audit Location:	Bac Vinh Industrial zone, Hung Dong Commune, Vinh City, Nghe An Province	Located in special economic zone:	No
City:	Vinh	Person responsible for overall social compliance issues:	Dang Viet Dung - HR manager
Country:	Vietnam	Valid certificate for social compliance certification program:	There was no valid certificate in facility.
Contact Name:	Mr Nguyen Dinh Sinh	Vendor Name:	Hansae
Contact Title:	Director	Security systems in place:	Yes 3 security guards monitor at the main gate for security reason for security.
Industry:	Apparel		
Building Description:	In view of the facility, it is made up of six buildings, The details as below: - One 1 -storey building which is used for office. - One 1 -storey building which is used for Material, Accessories warehouse, Cutting area (ground floor) and Sewing area (first floor). - One 1 -storey building which is used for Sewing area, Packing area (ground floor) and Sewing area (first floor) - One flat building (no upper floor) which is used for Embroidery area. - One flat building (no upper floor) which is used for Canteen. - One flat building (no upper floor) which is used for Washing area. The total land area by the facility is about 15000 square meters		
Special building type:	NA		

A2. PRODUCTION INFORMATION

Products manufactured/ Services provided:	Children wears, knit, jacket	Time record system(s) used:	Swipe Card system
Production process/ Service elements:	Cutting, sewing, washing, inspecting, finishing, packing	Chemicals or hazardous materials on-site:	Yes <i>Acetone, detergent, lubricant</i>
Production capacity a week:	100,000 pcs	Current production/ Services for client:	No
Total number of machines:	1800		
Main machine types:	Single, Double needle, iron, flat lock, over lock, round cutting, bartack, washing machine, drying machine.		
Shifts and Operating hours:	From 7:00 am - 4:00 pm with 1 hours break from 11:30 to 12:30 or 12:00 to 13:00. Weekly working days are from Monday to Saturday. Designated rest day is Sunday		

A3. EMPLOYEE INFORMATION

Range of total number of employees at the facility:	1001-5000 employees	Female Employees:	1271
Union name:	Minh Anh- Kim Lien Garment Joint Stock Company Trade Union	Male Employees:	400
Employs juvenile workers:	None	Mgmt Employees:	5
Hires through employment agent:	No	Production (Non-Management) Employees:	1666
Employee nationalities/ provinces:	Vietnamese	Local Employees:	1671
		Foreign/Migrant Employees:	0
		Languages spoken in the facility:	Vietnamese
		Management and employees speak same language :	Yes

A4. SUBCONTRACTOR INFORMATION

Subcontractor# :	1		
SubContractor Name:	HwaShin Vina Co., Ltd	Address:	Lot 10, Thuy Van Industrial Zone, Viet Tri city, Phu Tho province
Contact Name:	Mr. Nguyen Quoc Hung		
Telephone:	84 931 666 238		
Email Address:	quochung83.hs@gmail.com		
Process Type:	Subcontractor performs other subcontracting functions (i.e. printing, spraying, injection, dyeing, welding, washing, embroidery)		
Process subcontracted:	Printing		
Social Audits performed:	No	Type of Social Audits:	NA
Private label items:	No		

A5. GENERAL INFORMATION

Minh Anh -Kim Lien Garment JSC is a private company which located at Bac Vinh Industrial zone, Hung Dong Commune, Vinh city, Nghe An Province. The total land area by the facility is about 15000 square meters. They have operated at their existing location since 2009. Their product is children wears, knit, denim. As confirmed from facility's management, there is no peak season in facility. Employee's wage are paid based on piece rate basis and paid on 15th of the next month. 40 employees were interviewed, including 32 female and 8 male. 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. Attitude of managers: The facility management showed a positive attitude to this audit during the whole process. All documentation requested for review was provided timely. Locked areas encountered during the audit were unlocked timely. At the end of the audit, all the findings were accepted by the facility management. The employees were interviewed in a private room without presence of other facility's personnel. All the interviewees' feedbacks are positive about the facility on working conditions as well as compensation and benefits. During the interview processes, the employees were cooperative in providing information related to the compliance status of the facility. The facility use 01 subcontractor: HwaShin Vina Co., Ltd for printing process.

Emergency Preparedness Summary

The facility has adequate firefighting equipment. The facility has 140 fire extinguishers in A, B, C types are hung around the facility in appropriate distance. 69 points of smoke detectors has been installed as legal requirement. 06 hydrants and 18 fire hoses are set up to supply water for firefighting of premises. Fire alarm systems with 20 fire alarm buttons are installed both inside and outside the facility. 02 water pumps (1 electric and 1 gasoline) are available at place. There are 40 fire fighting members trained and certified by police on 27th January 2016. It was noted that the facility conducted fire drill on quarterly based on client requirement. The fire drill with local fire fighting police was conducted on 27 January 2016 and internal fire drills were conducted on 15 October 2015, 21 April 2016 and 03 June 2016.

A6. AUDIT PROCESS

Audit pay period provided for review

Records	From	To
11 Months Payroll	01-07-2015	31-05-2016
11 Months Attendance	01-07-2015	31-05-2016
Special Comments	The last annual audit was conducted on 22 July 2015. Records of June 2015 were reviewed.	

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	01-05-2016	31-05-2016	No	30
Period 1	01-01-2016	31-01-2016	Yes	10
Period 2	01-11-2015	30-11-2015	No	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

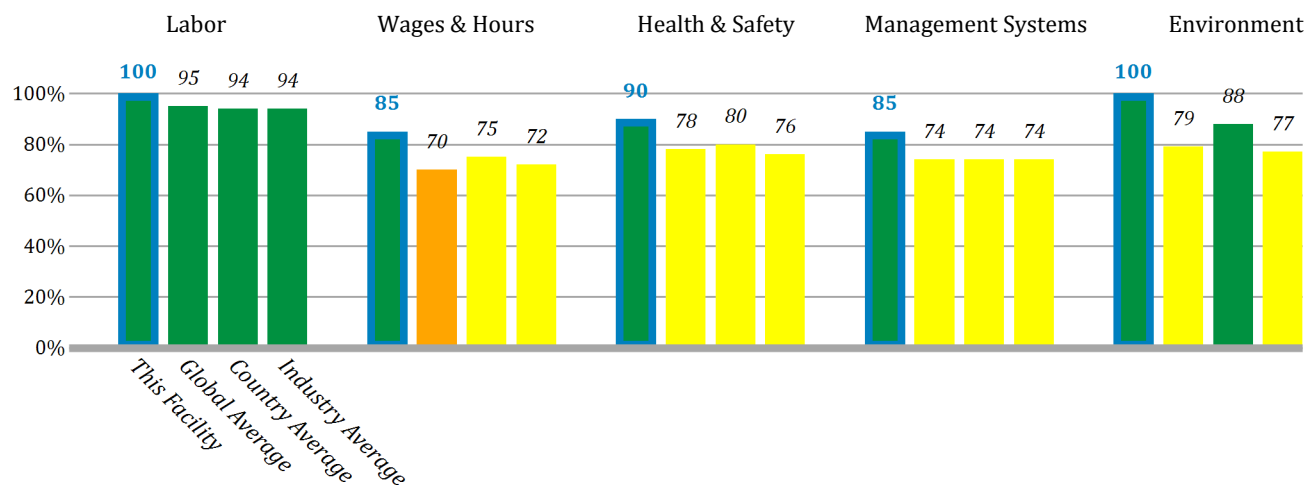
Social insurance documentation

Infirmity logs

B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, Vietnam average, Apparel average

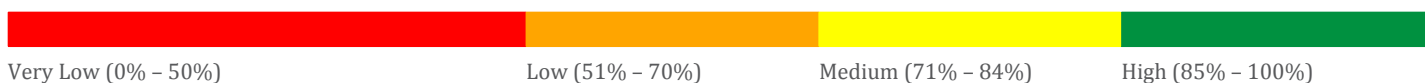


B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (04-Jul-2016)	Last (Not Applicable)	First (22-Jul-2015)	Change (Current-Last)	Change (Current-First)
Labor	100	Not Applicable	100	Not Applicable	0 % ■
Wages & Hours	85	Not Applicable	85	Not Applicable	0 % ■
Health & Safety	90	Not Applicable	95	Not Applicable	-5 % ▼
Management Systems	85	Not Applicable	92	Not Applicable	-7 % ▼
Environment	100	Not Applicable	100	Not Applicable	0 % ■
Overall Score	91	Not Applicable	94	Not Applicable	-3 % ▼

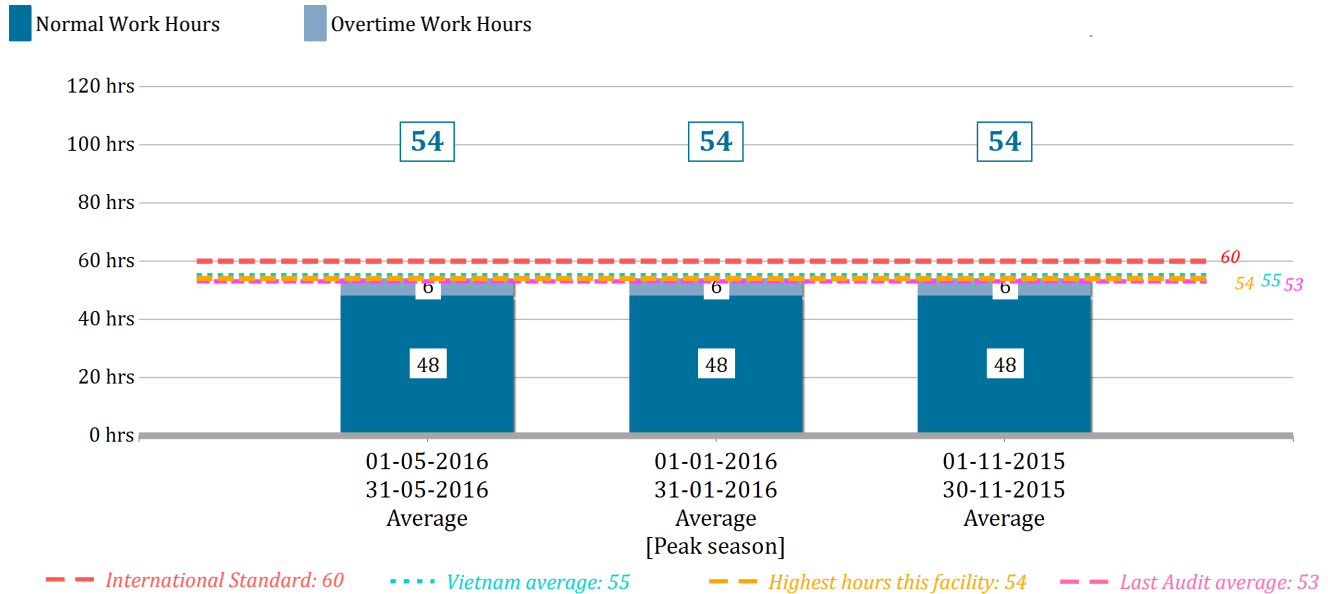
▲ Advancers ■ Constant ▼ Decliner

PERFORMANCE RATING

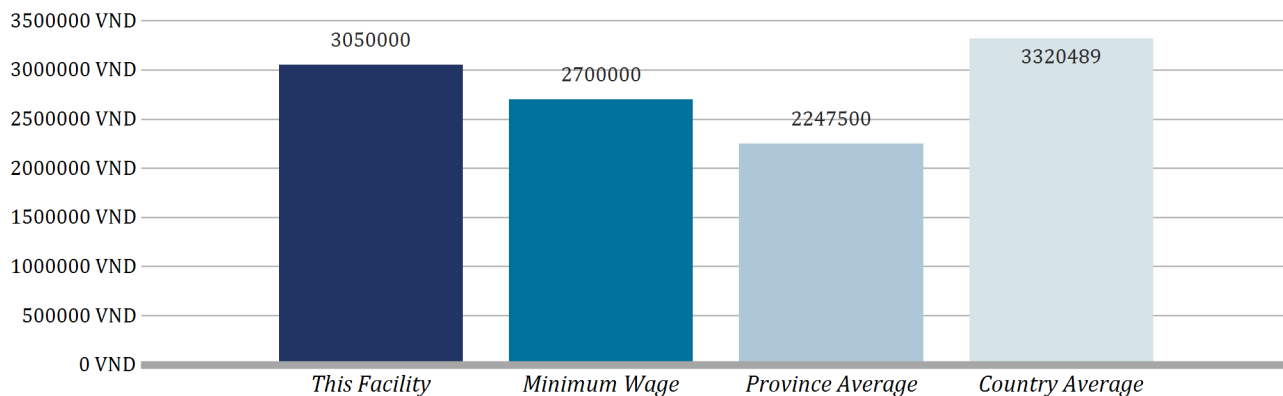


B3. WORKING HOURS AND WAGES

Average total hours worked weekly



Average wages paid in local currency (VND)



Special wage circumstances:

Wages and hours summary: A. Working Hours:

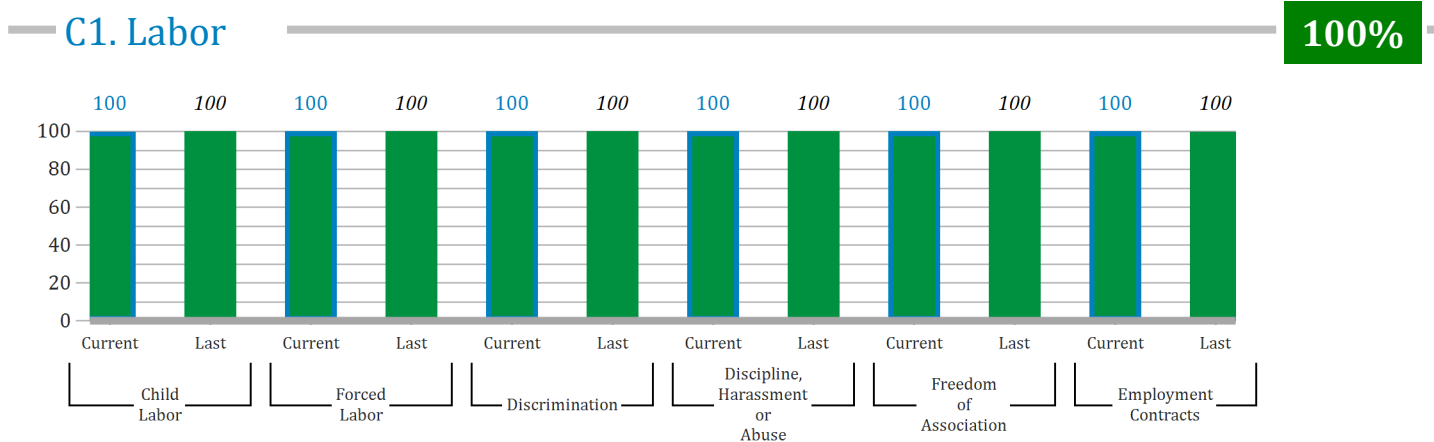
1. Swipe time card system is being used to record working hours of employees.
2. Based on reviewed time records, employees work maximum 8 regular working hours per day and 48 regular working hours per week.
3. Maximum working overtime is 4 hours per day and 8 hours per week and 31.5 hours per month in the tested period.

B. Wages:

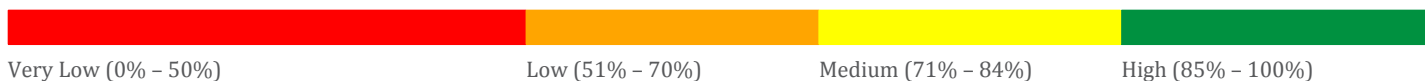
1. Minimum wage for employee in this facility is VND 3,050,000/ month which is in compliance with local law (VND 2,700,000/month).
2. Salary was paid in monthly basic. Payment is made from 15th to 20th each month via bank transfer system with pay slip.
3. Employees were paid at 150% of wage for regular overtime hours in compliance with local law.
4. 14 days of annual leave and 10 days of holidays were provided and paid correctly to production employees.
5. The compulsory insurance is provided for 1539 employees up to May 2016 which is compliance with local law.

C. PERFORMANCE DETAILS

Current (04-Jul-2016) Last (22-Jul-2015)

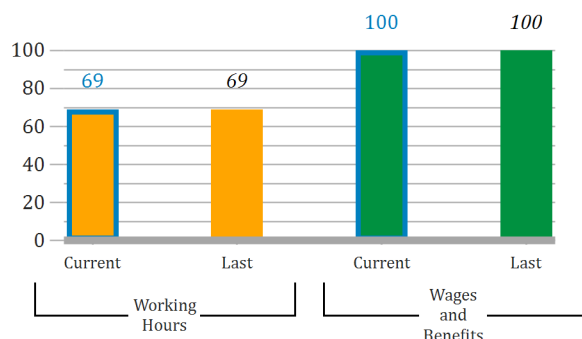


PERFORMANCE RATING



C2. Wages & Hours

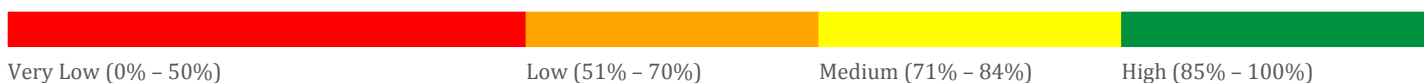
85%



Sub Section: Working Hours

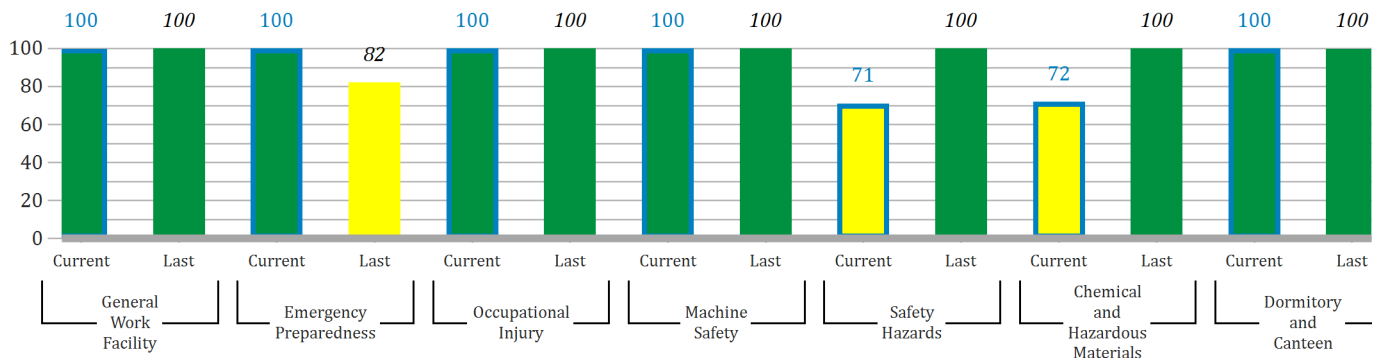
Status	Findings	% Global freq of compliance
● Moderate	122.00 : Total overtime hours exceeds allowable limits under applicable law or agreement. Auditor's comment It was noted that - 21 out of 30 selected employees (at all section) worked overtime from 31 to 31.5 hours per month in May 2016. - 7 out of 10 selected employees (cutting, sewing, inspection, packing employees) worked overtime 30.5 hours per month in January 2016. Article 106 Point 2 Vietnam Labor Code To ensure that the overtime hours of the employee shall not exceed 50% of the normal working hours in 01 days, in case of application of working regulation on weekly basis, , the total normal working hours and the overtime hours shall not exceed 12 hours in a day, and less than 30 hours in 01 months and the total of not more than 200 hours in 01 year, except for some special cases stipulated by the Government for the overtime working but shall not be more than 300 hours in 01 years	51%

PERFORMANCE RATING



C3. Health & Safety

90%



Sub Section: Emergency Preparedness

Status	Findings	% Global freq of compliance
● Corrected	197.00 : Previous Non-Compliance : 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 conducted fire drill on quarterly based on client requirement. - The fire drill with local fire fighting police was conducted on 27 January 2016. - These internal fire drills were conducted on 15 October 2015, 21 April 2016 and 03 June 2016.	82%

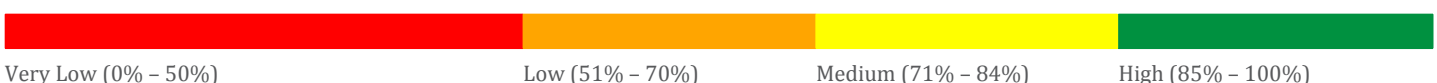
Sub Section: Safety Hazards

Status	Findings	% Global freq of compliance
● Moderate	237.00 : The facility does not monitor the employees to ensure the personal protective equipment (PPE) required to control safety hazards is correctly used Auditor's comment It was noted that 10% employees at all section did not use PPE (face mask during working hours) Article 138 point 1 of Vietnam Labor Code The employer must ensure that personal protective devices and protective clothing meet the standards of quality and design stipulated by the laws.	97%

Sub Section: Chemical and Hazardous Materials

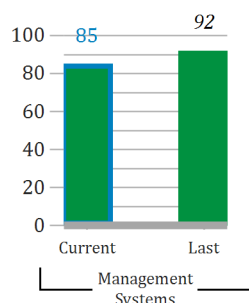
Status	Findings	% Global freq of compliance
● Moderate	256.00 : The facility does not monitor the employees to ensure the personal protective equipment (PPE) for control of exposure to chemical and hazardous materials is used correctly Auditor's comment it was noted that 5% employees working at washing area did not used face mask properly during working hours Circular No. 04/2014/BLDTBXH of the Ministry of Labor, War Invalids, and Social Affairs dated on February 12, 2014 regarding personal protective requirement Employees are required to use personal protective equipment provided while working.	93%

PERFORMANCE RATING



C4. Management Systems

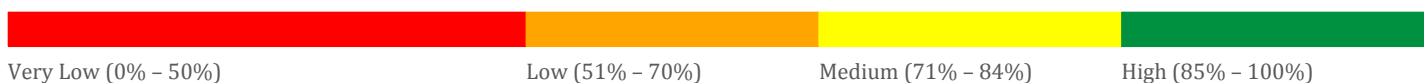
85%



Sub Section: Management Systems

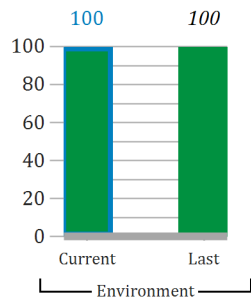
Status	Findings	% Global freq of compliance
● Minor	296.04 : The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented Auditor's comment The facility established policies and procedures, the monitoring system may not be effective or policies are incomplete thus resulting to lapses of implementation with the finding: It was noted that - 21 out of 30 selected employees (at all section) worked overtime from 31 to 31.5 hours per month in May 2016. - 7 out of 10 selected employees (cutting, sewing, inspection, packing employees) worked overtime 30.5 hours per month in January 2016.	58%
● Corrected	296.06 : <i>Previous Non-Compliance</i> : 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 emergency preparedness procedures were well-maintained. There is no finding in this section.	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 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: - It was noted that 10% employees at all section did not use PPE (face mask during working hours)	61%
● Minor	296.09 : The facility has comprehensive chemicals management 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: - it was noted that 5% employees working at washing area did not used face mask properly during working hours	77%
● Minor	302.00 : There are no written records (correspondence, report, meeting minutes, etc) of a regular management review of the social compliance system Auditor's comment There are no written records of a regular management review of the social compliance system	63%

PERFORMANCE RATING



C5. Environment

100%



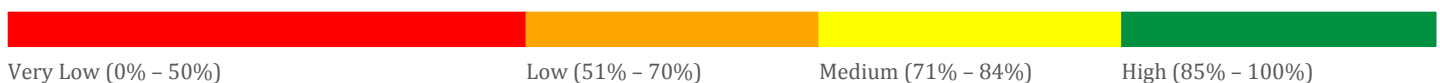
% Global Frequency of Compliance: Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue

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%
The facility provides social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	58%

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
The facility does not monitor the employees to ensure the personal protective equipment (PPE) required to control safety hazards is correctly used	Moderate	97%
The facility does not monitor the employees to ensure the personal protective equipment (PPE) for control of exposure to chemical and hazardous materials is used correctly	Moderate	93%
The facility has comprehensive chemicals management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented	Minor	77%
There are no written records (correspondence, report, meeting minutes, etc) of a regular management review of the social compliance system	Minor	63%
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%

DISCLAIMER

This report is for the exclusive use of the client of Intertek named in this report ("Client") and is provided pursuant to an agreement for services between Intertek and Client ("Client agreement"). No other person may rely on the terms of this report. This report provides a summary of the findings and other applicable information found/gathered during the audit conducted at the specified facilities on the specified date only. Therefore, this report does not cover, and Intertek accepts no responsibility for, other locations that may be used in the supply chain of the relevant product or service. Further, as the audit process used by Intertek is a sampling exercise only, Intertek accepts no responsibility for any non-compliant issues that may be revealed relating to the operations of the identified facility at any other date. Intertek's responsibility and liability are also limited in accordance to the terms and conditions of the Client Agreement. Intertek assumes no liability to any party, for any loss, expense or damage occasioned by the use of this information other than to the Client and in accordance with the Client Agreement and these disclaimers. In case there is any conflict between the disclaimers stated herein and the applicable terms and conditions of Intertek incorporated into the Client Agreement, then these disclaimers shall prevail.