

Workplace Conditions Assessment Report

Measured Results — Improved Performance



THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY - FACTORY 1, 2, 3, 5, 6

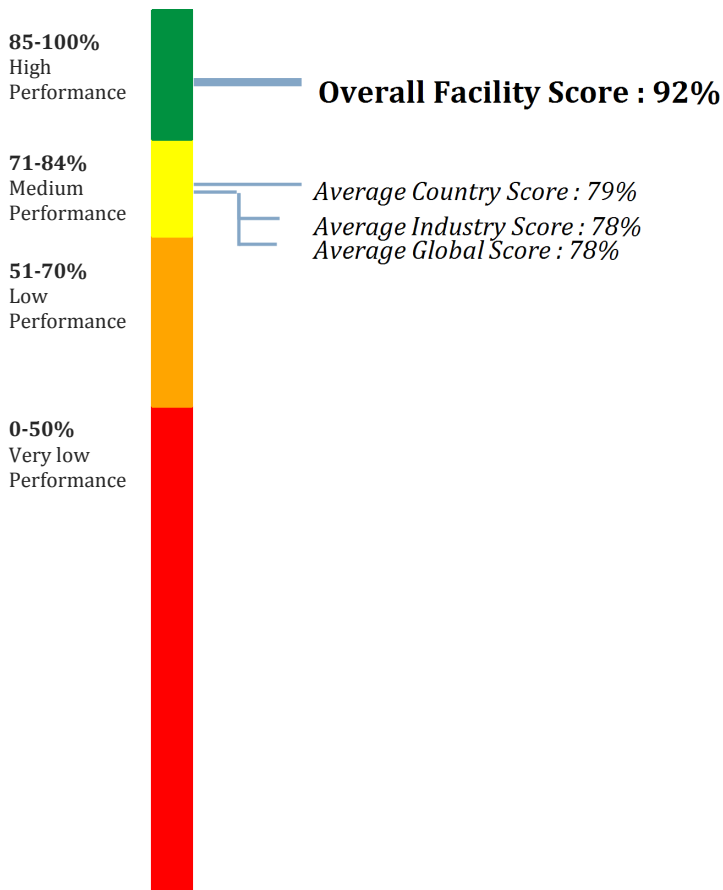
GENERAL INFORMATION

Overall Facility Score : **92%**

Report No :	F_IAR_50594	City :	Ho Chi Minh City
Audit Date :	Mar 22, 2021	Country :	Vietnam
Last Audit :	Mar 25 - Mar 26, 2020 (84%)	Auditors :	Primary: Qui Tran Phat
Assessment Stage :	Other		Secondary: Vuong Thai Quoc, Huynh Anh Tran Nguyen
Schedule Type :	Semi-Announced	Service Provider:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 35128



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
Overall	92%	-	-	3	2	-
Labor	100%	-	-	-	-	-
Wages & Hours	74%	-	-	2	-	-
Health & Safety	95%	-	-	1	-	-
Management Systems	93%	-	-	-	2	-
Environment	100%	-	-	-	-	-

**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
COMPANY - FACTORY 1, 2, 3, 5, 6**

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY - FACTORY 1, 2, 3, 5, 6	Facility Legal Status:	Privately owned
Facility Legal Name:	THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY (GARMENT FACTORY 1, 2, 3, 5, 6)	Year facility began operations:	2006
Audit Location:	36 Tay Thanh Street, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam	Located in special economic zone:	No
City:	Ho Chi Minh City	Person responsible for overall social compliance issues:	Ms. Nguyen Anh Thao – Vice HR Manager
Country:	Vietnam	Valid certificate for social compliance certification program:	+ WRAP ID#12261, Valid until May 27, 2021 + GOTS, Certificate No. CU2968GOTS-2021-00002046, Valid until October 01, 2021
Contact Name:	Ms. Nguyen Anh Thao	Vendor Name:	THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY
Contact Title:	Vice HR Manager	Security systems in place:	<i>Yes 30 guards are in charge of security in the facility 24 hours per day and seven (7) days per week rotating on three shifts. In order to register with the security guards, visitors are required to identify themselves by providing the purpose of the visit and the name of the contact person and the identity of visitor/vehicle. Visitors are only allowed to access to the facility when authorization is obtained.</i>
Industry:	Apparel		
Building Description:	THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY is located at 36 Tay Thanh St, Tay Thanh Ward, Tan Phu Dist, Ho Chi Minh City, Vietnam. The main products manufactured by the facility are Garment Manufacturing. This facility has started its operation at the existing location since 23 June 2006 with business license No. 0301446221. There is no dormitory in the facility. The audited facility is made up of 5 buildings used for full garment production process, office and canteen. The total land area occupied by the facility is 23,716 square meters. All buildings were made of concrete and steels.		
Special building type:	NA		

**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
 COMPANY - FACTORY 1, 2, 3, 5, 6**

A2. PRODUCTION INFORMATION

Products manufactured/ Services provided:	T-shirts and Polo-shirts	Time record system(s) used:	Fingerprint system
Production process/ Service elements:	Cutting, Sewing, Ironing, Inspection and Packing	Chemicals or hazardous materials on-site:	Yes <i>Detergent and lubricant materials.</i>
Production capacity a week:	416000 pcs	Current production/ Services for client:	Yes
Total number of machines:	15560		
Main machine types:	Sewing machines, painting machines, molding machines. hands.		
Shifts and Operating hours:	All production employees worked for six (6) days a week in one shift and Sunday was designated as rest day. The daily working hour was from 7:30 am to 4:30 pm with 60 minutes of lunch break.		

A3. EMPLOYEE INFORMATION

Range of total number of employees at the facility:	1001-5000 employees	Female Employees:	2196
Union name:	Trade Union of THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY	Male Employees:	788
Employs juvenile workers:	None	Mgmt Employees:	324
Hires through employment agent:	No <i>Based on the document review and management interview, the facility hired employees directly.</i>	Production (Non- Management) Employees:	2660
Employee nationalities/ provinces:	12 South Korean were working in facility as Management. All remaining employees were Vietnamese.	Local Employees:	2972
		Foreign/Migrant Employees:	12
		Languages spoken in the facility:	Vietnamese, South Korean, English
		Management and employees speak same language :	No

**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
COMPANY - FACTORY 1, 2, 3, 5, 6**

A4. SUBCONTRACTOR INFORMATION

Subcontractor# :	1		
SubContractor Name:	HANDSOLL KOVI VINA CO., LTD	Address:	Street No. 9, Tam Phuoc Industrial Park, Tam Phuoc Ward, Bien Hoa City, Dong Nai Province, Vietnam
Contact Name:	Ms. Hanh		
Telephone:	+84 976 127 478		
Email Address:	hanh@kovivina.com		
Process Type:	Subcontractor performs other subcontracting functions (i.e. printing, spraying, injection, dyeing, welding, washing, embroidery)		
Process subcontracted:	Printing		
Social Audits performed:	Yes	Type of Social Audits:	Client audit
Private label items:	No		
Subcontractor# :	2		
SubContractor Name:	HOANG QUAN PRODUCTION CO., LTD	Address:	Le Minh Xuan Industrial Zone, Xa Tan Nhut, Binh Chanh District, Ho Chi Minh City
Contact Name:	Mr. Vu Manh Hung		
Telephone:	+84 982 222 572		
Email Address:	theuhoangquan70@yahoo.com.vn		
Process Type:	Subcontractor performs other subcontracting functions (i.e. printing, spraying, injection, dyeing, welding, washing, embroidery)		
Process subcontracted:	Embroidery		
Social Audits performed:	Yes	Type of Social Audits:	Client audit
Private label items:	No		

A5. GENERAL INFORMATION

THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK COMPANY (GARMENT FACTORY 1, 2, 3, 5, 6) located at 36 Tay Thanh Street, Tay Thanh Ward, Tan Phu District, Ho Chi Minh City, Vietnam. The total land area by the facility is 23,716 square meters. They have started its operation at the existing location since June 2006 with business license 0301446221 issued on 23 June 2006. The main products manufactured by the facility are Garment Manufacturing. There was no peak season in the facility. Three auditors arrived at the facility at 08:20 am on 22 March 2021. During the opening meeting, auditors explained to the facility representatives about the social compliance audit. The audit was accepted by the facility representatives. The management was well supportive. Documents were provided in a timely manner. During the employee interview with a private room and without a translator, all employees felt comfortable to express their ideas. Employees were satisfied with salary and working conditions.

Further, there was no case or any affected case of Covid-19 noted in the facility up to the audit dates and the facility has good practice on protection as well as preventive measures for workers to avoid this pandemic and following local authority's procedure and regulation. All visitors and employees must be measured temperature with a record, wear a mask and hand washing with sanitizer before entering the facility as well as they must wear a mask during working in the facility to prevent COVID-19.

There were 12 foreign employees (South Korean) in the facility. Their work permit was valid from 25 April 2021 until 30 December 2022.

Emergency Preparedness Summary

1. The emergency preparedness is set up to implement with the Firefighting and prevention project was approved by Police on 27 May 2015
2. The firefighting and prevention team including 180 employees were trained by police on 28-30 October 2020).
3. During document review and confirmation of facility management, it was noted that fire drill was conducted every 6 months instead of quarterly as client requirement. The facility conducted fire drill and evacuation drill on 26 December 2020 and 25-29 May 2020.
4. The fire equipment were available and most of them were in good condition.
5. The fire safety inspection record dated on 26 October 2020 by the local fire police for fire safety acceptance.
6. Firefighting equipment are inspected monthly by internal team.
7. At least two emergency evacuation exits were provided at each section.
8. All emergency evacuation exit doors were marked clearly.
9. All firefighting equipment was not blocked during working time.
10. Emergency exit lights were sufficiently installed at all staircases.
11. There are 2225 fire extinguishers, 82 fire alarm buttons, 1349 smoke detectors, 156 fire hoses, 11 fire water pumps and sprinkler system were installed in the facility.
12. The lightning protection system was installed in the facility. Last inspection was on 28 March 2020 and valid for 01 year.
13. Emergency evacuation exit was not locked.
14. There is a reasonable distance between facility emergency evacuation exit. It takes around 2 minutes for escape.
15. All emergency light have back up battery.
16. All stairways were equipped with railing to protect employees from falling.
17. Electrical system was in good maintenance condition with danger alert. The certificates of 4 electricians at the site were available for review. The risk assessment on health and safety was conducted on 05 August 2020.

**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
COMPANY - FACTORY 1, 2, 3, 5, 6**

A6. AUDIT PROCESS

Audit pay period provided for review

Records	From	To
12 Months Payroll	16/01/2020	15/02/2021
12 Months Attendance	16/01/2020	15/02/2021
Special Comments	N/A	

Employee interview sampling

Individual	30
Group	2 group of 5
Total interviewed	40

Payroll and attendance records sampling

Period	From	To	Peak Season	Records Reviewed
Current Period	16/01/2021	15/02/2021	No	30
Period 1	16/11/2020	15/12/2020	No	10
Period 2	16/05/2020	15/06/2020	No	10
Total				50

Other records reviewed

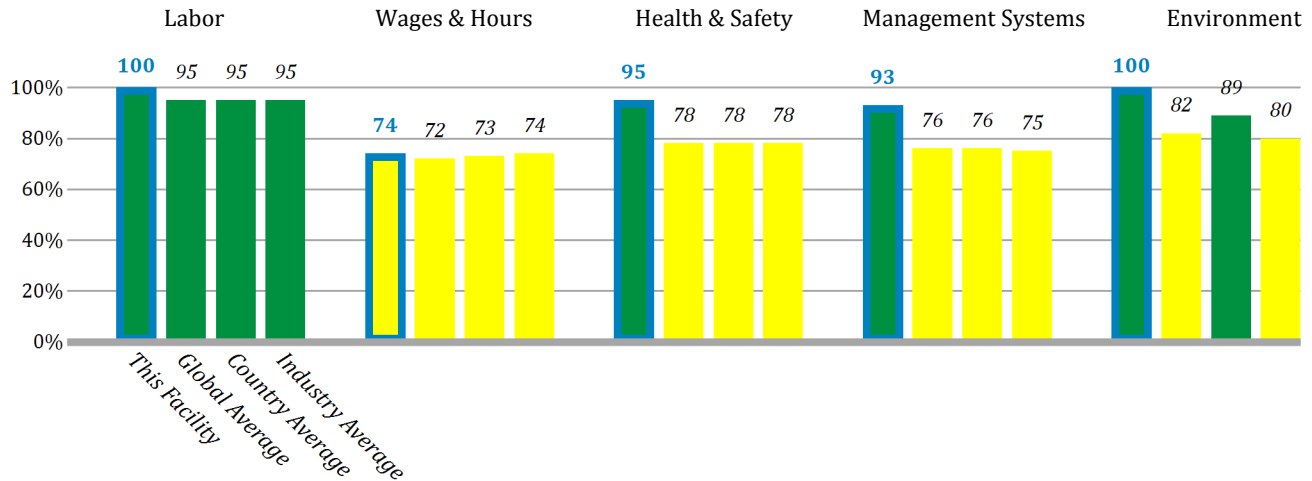
Personnel records
Security log book
Non-Production records
Legal Permits
Employee leave register
Health examination records
Other : Overtime registration sheets

Machine maintenance records
Production records
Employment contracts
Social insurance documentation
Infirmary logs

B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, Vietnam average, Apparel average

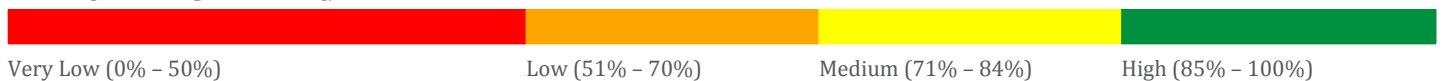


B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (22-Mar-2021)	Last (25-Mar-2020)	First (20-Apr-2016)	Change (Current-Last)	Change (Current-First)
Labor	100	100	100	0 % ■	0 % ■
Wages & Hours	74	74	57	0 % ■	29 % ▲
Health & Safety	95	76	79	25 % ▲	20 % ▲
Management Systems	93	89	93	4 % ▲	0 % ■
Environment	100	100	100	0 % ■	0 % ■
Overall Score	92	84	82	9 % ▲	12 % ▲

▲ Advancers ■ Constant ▼ Decliner

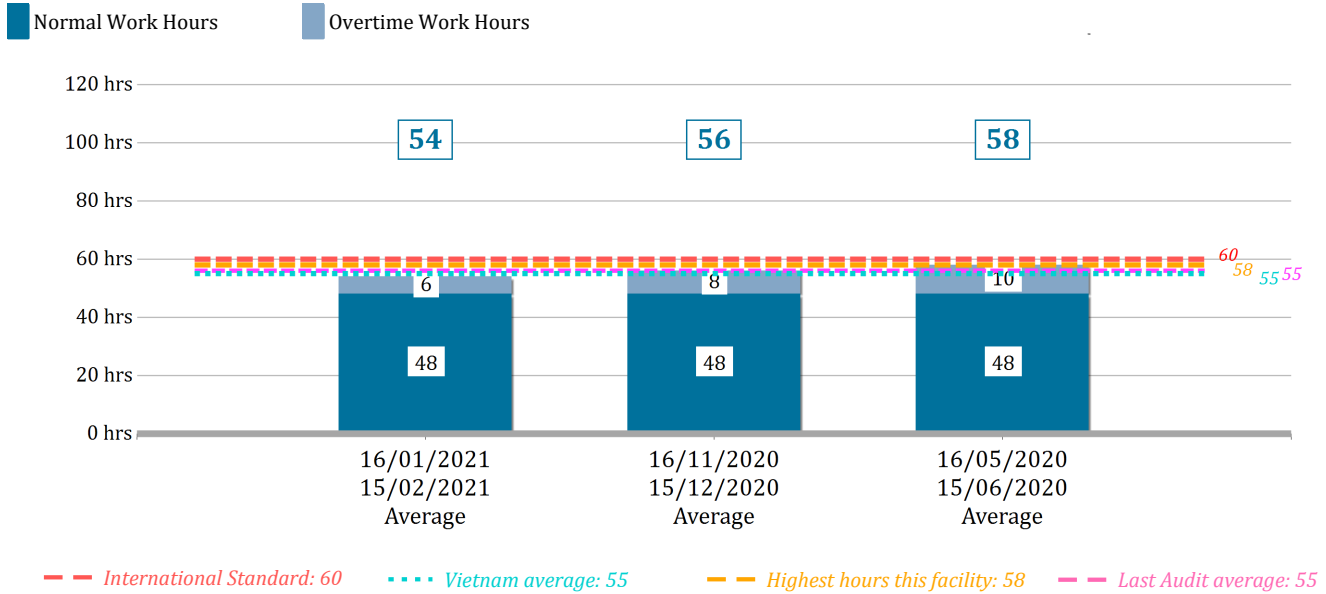
PERFORMANCE RATING



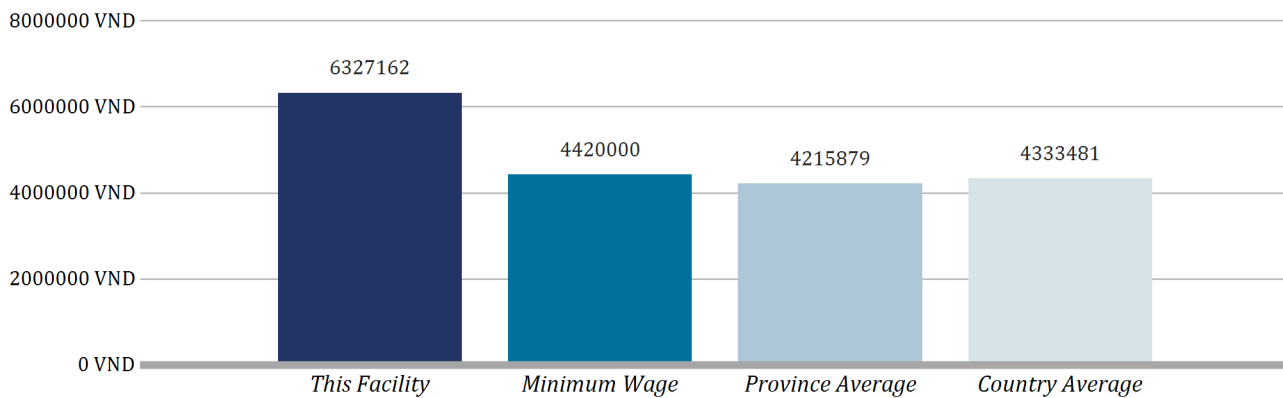
**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
 COMPANY - FACTORY 1, 2, 3, 5, 6**

B3. WORKING HOURS AND WAGES

Average total hours worked weekly



Average wages paid in local currency (VND)



Special wage circumstances: There was no special case related to minimum wage in the facility.



**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
COMPANY - FACTORY 1, 2, 3, 5, 6**

Wages and hours summary:

A. Working Hours:

1. Fingerprint system is being used to record working hours of employees.
2. All employees work for six (6) days a week. Sunday is designated as rest day. The Facility work in one shift as below
 - Shift 1: 07:30 ~ 16:30. 60 minutes break without pay was provided. Sunday is designated as rest day.
3. It was noted from reviewed time records and payroll records that employees worked overtime maximum of 5.1 hours per day, 62.5 hours per week (48 regular hours + 14.5 OT hours) and 57.3 hours per month.
4. Employees worked maximum 6 consecutive day in a month.

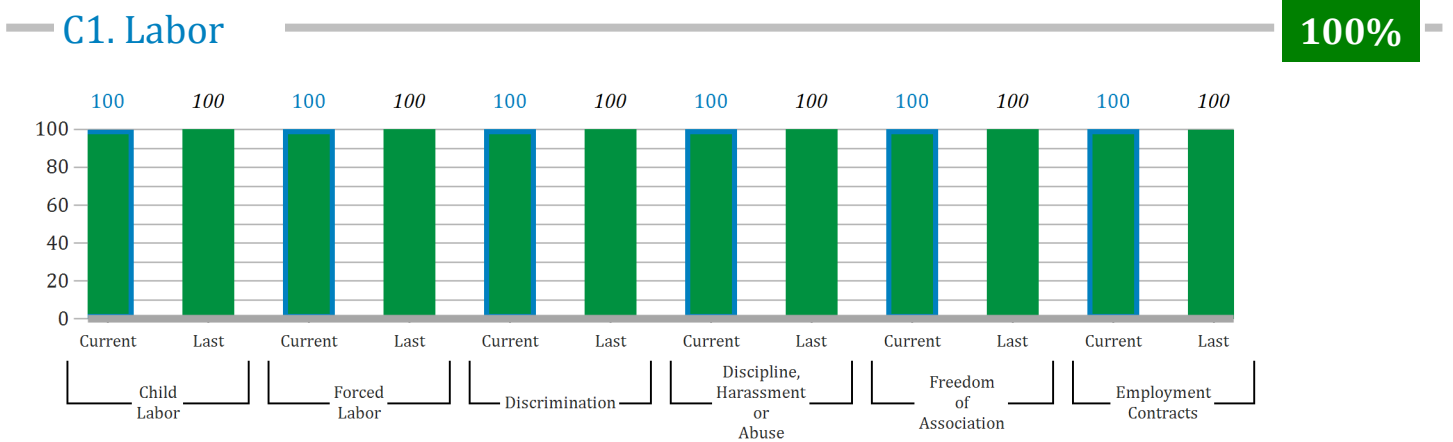
B. Wages:

1. Minimum wage for employee is VND 4,420,000/ month effective from January 2020 and the facility applied VND 4,650,000/month for minimum wage. Payment circle is from 16th of previous month to 15th of month and payment date is on 25th of the following month. Facility applied monthly rate for all employees and paid by bank transfer
2. Employees were paid at 150% of wage for regular overtime hours
3. The compulsory insurance is provided to all employees after the probation period.
4. The sick & maternity leave allowance is paid timely to employees. 12~14 days annual leave is provided to production employees and 12 days annual leave is provide for office staffs.

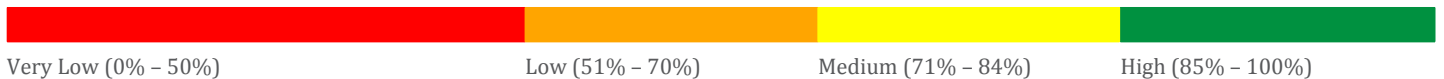
**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
 COMPANY - FACTORY 1, 2, 3, 5, 6**

C. PERFORMANCE DETAILS

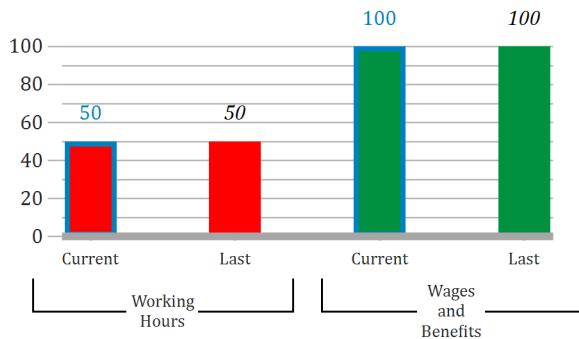
Current (22-Mar-2021) Last (25-Mar-2020)



PERFORMANCE RATING



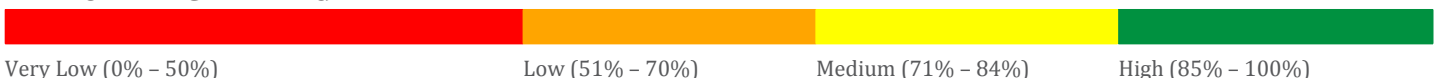
C2. Wages & Hours



Sub Section: Working Hours

Status	Findings	% Global freq of compliance
● Moderate	<p>122.00 : Total overtime hours exceeds allowable limits under applicable law or agreement.</p> <p>Auditor's comment Annual audit on 22 March 2021 During the payrolls and time records from March 2020 to February 2021 review, employee interview and confirmation of facility management, it was noted that violation of overtime hours per month found in sample months in 2020. Details as below: - In June 2020: 10 out of 10 selected employees (Finishing, sewing, Semi product sorting sections belong to Workshop 1,2,5,6) worked from 30.5 to 57.93 overtime hours per month, which is in excess of monthly legal overtime hour limit of 30 hours at a maximum. - In December 2020: 10 out of 10 selected employees (Finishing, sewing, Semi product sorting sections belong to Workshop 1,2,5,6) worked from 30.5 to 46.87 overtime hours per month, which is in excess of monthly legal overtime hour limit of 30 hours at a maximum. Additionally, During the payrolls and time records from March 2020 to February 2021 review, it was noted that violation of overtime hours per day found in sample months in 2020. Details as below: - in June 2020: 01 out of 10 selected employees (Finishing section belong to Workshop 5) worked 4.94 to 5.1 overtime hours per day from 01 to 02 days in month, which is in excess of daily legal overtime hour limit of 4 hours at a maximum</p> <p>Article 106 Point 2 Vietnam Labor Code (10/2012/QH13) (10/2012/QH13) 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</p>	48%
● Moderate	<p>123.00 : The total weekly working hours (normal & overtime) are over 60 but less than 72 hours.</p> <p>Auditor's comment Client required Annual audit on 22 March 2021 During the payrolls and time records from March 2020 to February 2021 review, it was noted that violation of total working hours per week found in sample months in 2020. Details as below: - in June 2020: 06 out of 10 selected employees (Finishing section belong to Workshop 6) worked total from 61 to 62.5 hours per week in 1 to 2 weeks in month.</p>	74%

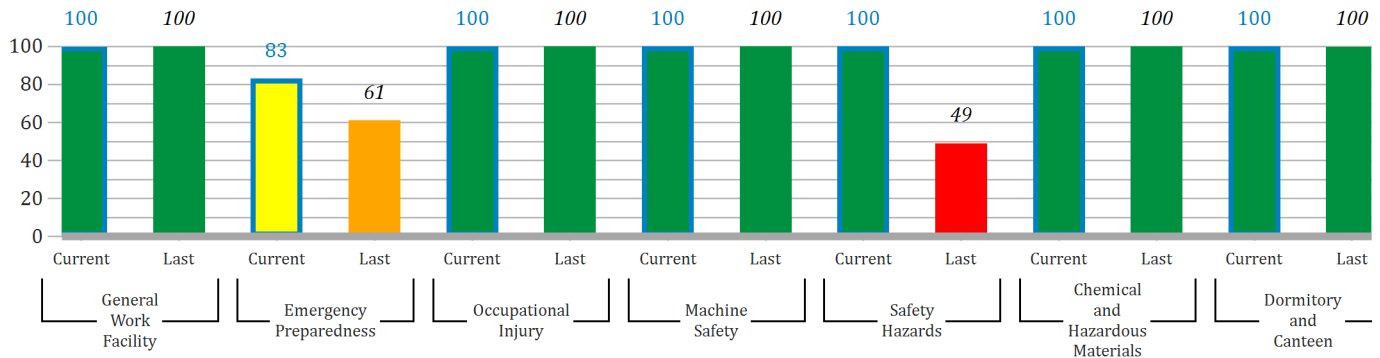
PERFORMANCE RATING



**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
 COMPANY - FACTORY 1, 2, 3, 5, 6**

C3. Health & Safety

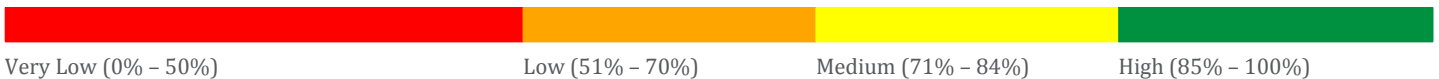
95%



Sub Section: Emergency Preparedness

Status	Findings	% Global freq of compliance
● Corrected	<p>185.00 : Previous Non-Compliance : Fire fighting equipment is not inspected by an internal qualified inspector who has received training by external body and/ or an authorized external inspector</p> <p>Auditor's comment Previous audit on 25-26 March 2020 During the facility tour and confirmation of facility management, it was noted that the maintenance records for 02 observed fire extinguishers in the clinic room were expired since 12 March 2020. Annual audit on 22 March 2021 Based on the facility tour and document review, it was noted that all fire extinguisher observed was maintenance as local law. The last was conducted on 13 March 2021 and valid until 13 September 2021.</p>	96%
● Corrected	<p>193.00 : Previous Non-Compliance : Access to aisles, stairs and passageways are not kept clear at all times</p> <p>Auditor's comment Previous audit on 25-26 March 2020 During the facility tour and confirmation of facility management, it was noted that 05 out of 06 observed exit routes at workshop No. 2 were obstructed by working tables. Annual audit on 22 March 2021 Based on the facility tour, it was noted that all exit was kept clear during working time</p>	93%

PERFORMANCE RATING



**THANH CONG TEXTILE GARMENT INVESTMENT TRADING JOINT STOCK
 COMPANY - FACTORY 1, 2, 3, 5, 6**

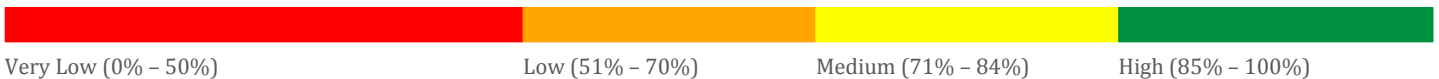
Sub Section: Emergency Preparedness

Status	Findings	% Global freq of compliance
● Moderate	<p>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</p> <p>Auditor's comment Client requirement: Quarterly joint fire drills including all floors of the building to be overseen by an external party, such as the fire authority, for timely and effective personnel evacuation. Documentation of these drills must be retained by the facility for review during any visit to the facility. Previous audit on 04-05 April 2019: During document review and confirmation of facility management, it was noted that fire drill was conducted every 6 months instead of quarterly. One was conducted on 30 May 2018 internally and One was conducted on 29 December 2018 with the presence of local fire police. Previous audit on 25-26 March 2020 The previous finding was not corrected. During document review and confirmation of facility management, it was noted that fire drill was conducted every 6 months instead of quarterly. One was conducted on 31 May 2019 internally and one was conducted on 28 December 2019 with the presence of local fire police. Annual audit on 22 March 2021 During document review and confirmation of facility management, it was noted that fire drill was conducted every 6 months instead of quarterly. One was conducted on 25-29 May 2020 internally and one was conducted on 26 December 2020 with the presence of local fire police.</p> <p>Point 4, article 12 of Circular 66/2014/TT-BCA The employer should conduct fire drill and evacuation practice for all 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.</p> <p>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.</p>	82%

Sub Section: Safety Hazards

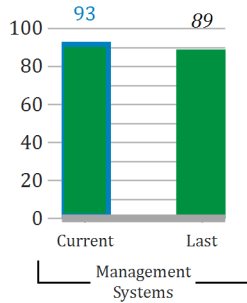
Status	Findings	% Global freq of compliance
● Corrected	<p>233.00 : <i>Previous Non-Compliance</i> : Electrical cords and outlets are not in safe condition</p> <p>Auditor's comment Previous audit on 25-26 March 2020 During the facility tour and confirmation of facility management, it was noted that there was no safety fused box for 01 observed circuit breaker at workshop No. 1. Annual audit on 22 March 2021 During the facility tour, it was noted that all circuit breaker observed was equipped safety fused box</p>	93%

PERFORMANCE RATING



C4. Management Systems

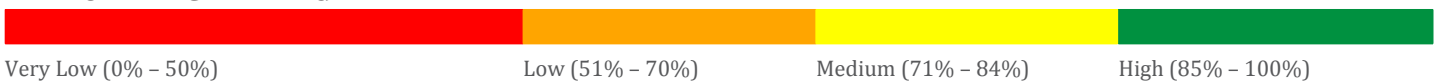
93%



Sub Section: Management Systems

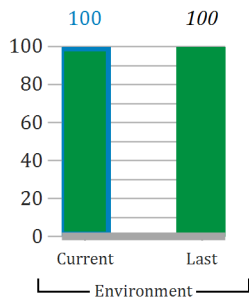
Status	Findings	% Global freq of compliance
● Minor	<p>296.04 : The facility has comprehensive working hour and wages management processes and procedures in a written manual that support adherence to social compliance requirements but they are not all being properly implemented</p> <p>Auditor's comment 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: 1. Overtime exceed 4 hours per day 2. Worked exceed 60 hours per week 3. Overtime exceed 30 hours per month in 2020</p>	48%
● Minor	<p>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</p> <p>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: 1. Not conducted fire drill quarterly as client required</p>	62%
● Corrected	<p>296.07 : <i>Previous Non-Compliance</i> : 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</p> <p>Auditor's comment Previous audit on 25-26 March 2020 It was noted that the facility had established policies and procedures, the monitoring system may not be effective or policies were incomplete thus resulting to lapses of implementation with the finding (fire drill was conducted every 6 months instead of quarterly as client requirement, maintenance records for 02 observed fire extinguishers in the clinic room were expired since 12 March 2020 and 05 out of 06 observed exit routes at workshop No. 2 were obstructed by working tables). Annual audit on 22 March 2021 It was noted that there was no finding in this section</p>	50%

PERFORMANCE RATING



C5. Environment

100%



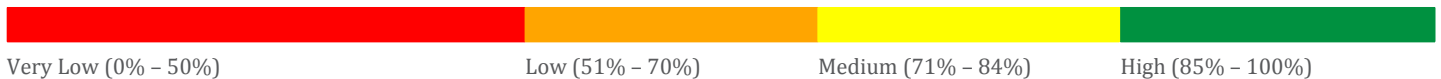
% Global Frequency of Compliance: Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue

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 has comprehensive employee safety processes and procedures in a written manual that support adherence to social compliance requirements and are being properly implemented	Minor	50%
The facility provides social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	59%

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
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 total weekly working hours (normal & overtime) are over 60 but less than 72 hours.	Moderate	74%
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	62%

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. This audit includes elements beyond the scope of a Social Compliance Audit as defined by the APSCA Competency Framework. The association of the auditor’s APSCA number with this report is limited to those elements outlined in the APSCA Competency Framework. APSCA makes no representations with respect to the auditor’s competency to professionally evaluate compliance with any other audit elements.