

Workplace Conditions Assessment Report

Measured Results — Improved Performance



LAO APPAREL CO., LTD.

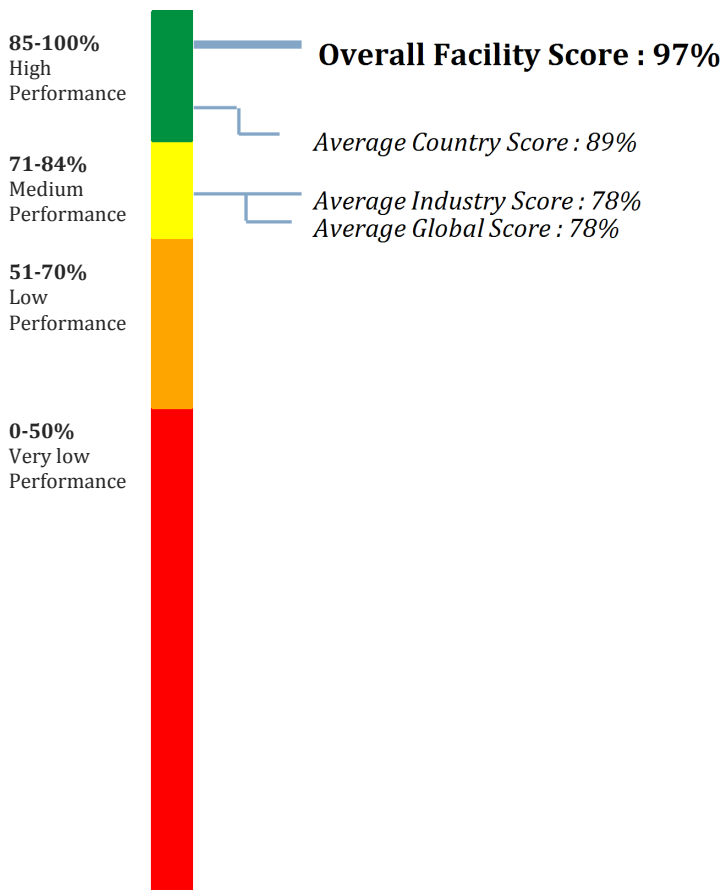
GENERAL INFORMATION

Overall Facility Score : **97%**

Report No :	F_IAR_20230	City :	Xaythany District
Audit Date :	May 30 - May 31, 2019	Country :	Lao Peoples Democratic Republic
Last Audit :	May 14 - May 15, 2018 (97%)	Auditors :	Primary: Parinya Ouarerun
Assessment Stage :	Annual		Secondary: None
Schedule Type :	Announced	Service Provider:	Intertek

WORKPLACE PERFORMANCE INDEX AND SUMMARY

Participating facilities: 30949



Assessment area	Score results	Number of non-compliances by rating				
		Zero Tolerance	Major	Moderate	Minor	Notscored
Overall	97%	-	-	1	1	-
Labor	100%	-	-	-	-	-
Wages & Hours	100%	-	-	-	-	-
Health & Safety	95%	-	-	1	-	-
Management Systems	97%	-	-	-	1	-
Environment	100%	-	-	-	-	-

A. FACILITY PROFILE

A1. FACILITY INFORMATION

Facility Name:	Lao Apparel Co., Ltd.	Facility Legal Status:	Privately owned
Facility Legal Name:	Lao Apparel Company Limited.	Year facility began operations:	2012
Audit Location:	Km. 30, Road No. 10, Ban Phonhaikham, Xaythany District, Vientiane Capital	Located in special economic zone:	No
City:	Xaythany District	Person responsible for overall social compliance issues:	Mr. Nattawut Chantaranakaracha - Managing Director.
Country:	Lao Peoples Democratic Republic	Valid certificate for social compliance certification program:	None
Contact Name:	Mr. Nattawut Chantaranakaracha	Vendor Name:	Lao Apparel Company Limited.
Contact Title:	Managing Director	Security systems in place:	Yes There are forty-eight (48) CCTVs installed throughout the facility.
Industry:	Apparel		
Building Description:	The facility consists of one 1-storey building which used for production area, warehouse and office, and two 1-storey buildings which used for management's resident, dormitory and eating area with approximately 500 seats. All building constructions are made from cement, brick, metal and tiles. Total area occupied by the facility is about 7,240 square meters.		
Special building type:	NA		

A2. PRODUCTION INFORMATION

Products manufactured/ Services provided:	Men Shirt	Time record system(s) used:	Scan card system.
Production process/ Service elements:	Raw material receiving, Cutting, Sewing, Finishing, and Packing	Chemicals or hazardous materials on-site:	Yes There are Silicone spray, Thinner, White oil, and Lubricant oil used in the facility.
Production capacity a week:	25,000 pieces	Current production/ Services for client:	NA
Total number of machines:	910		
Main machine types:	Cutting machines, sewing machines, iron, fusing machines, boiler, needle detector.		
Shifts and Operating hours:	The facility has operated from 8:00 am to 5:00 pm; Monday to Saturday in one shift. Lunch time is provided to all employees at noon to 1:00 pm each working day. Sunday is a weekly day off for all employees.		

A3. EMPLOYEE INFORMATION

Range of total number of employees at the facility: 501-1000 employees

Union name: None

Employs juvenile workers: None

Hires through employment agent: *No All employees are directly hired by the facility.*

Employee nationalities/provinces: Lao and Thai

Female Employees: 521

Male Employees: 121

Mgmt Employees: 2

Production (Non-Management) Employees: 640

Local Employees: 626

Foreign/Migrant Employees: 16

Languages spoken in the facility: Lao and Thai

Management and employees speak same language : Yes

A4. SUBCONTRACTOR INFORMATION

No subcontractor information given

A5. GENERAL INFORMATION

Lao Apparel Co., Ltd. is located in Vientiane Capital, Lao. In view of facility, the facility consists of one 1-storey building which used for production area, warehouse and office, and two 1-storey buildings which used for management's resident, dormitory and eating area with approximately 500 seats. The dormitory with total eighty (80) rooms is provided for employees without rental charging. All building constructions are made from cement, brick, metal and tiles. Total area occupied by the facility is about 7,240 square meters. The employees are Lao and Thai. All employees are directly hired by the facility. The peak season month of the facility is June to October. Facility managements showed positive attitude throughout the whole audit and granted full support to the audit. All documentation requested for review were provided timely. All areas were authorized to access. All selected employees were satisfied with the facility, colleagues, supervisor, management and working condition. Working is not strict and they could go to toilet, drinking water or access to first aid kit without restriction. No negative information is raised from employees. No subcontractor used in facility.

The facility has established policies and procedures of the monitoring system such as Labor, Wages & Hours, Management system and the facility has controlled system effectively, so the audit result is good. Such as the facility has provided benefits beyond legal requirement such as attendance bonus, uniform, annual bonus meal allowance and free transportation.

Emergency Preparedness Summary

The facility provides fire safety equipment throughout the facility such as ninety (90) fire extinguishers, nineteen (19) fire alarm buttons with backup battery, forty-nine (49) emergency lights with backup battery, one hundred and twenty-six (126) smoke detectors, eight (8) fire hose reels, one (1) fire pump, fire sprinkler system. And the facility provided thirteen (13) fire extinguishers, seventeen (17) smoke detectors and two (2) fire alarm buttons are provided at dormitory. However, there is no fire hose reels installed at the dormitory. Evacuation maps are also posted in each workplace. They are adequate and checked on monthly basis. The latest inspection was conducted in May 2019. Based on facility observation, all firefighting found that they are clearly marked with sign, visible, and accessible. In addition, they are not blocked or obstructed. Evacuation maps are also posted in each floor with emergency team, emergency plan, position of firefighting equipment, and photo of fire team. Emergency routes are clearly marked on the floors which can lead employees to emergency exit. Based on facility observation, all fire exits, and escapes are not blocked or locked. Illuminated exit signs are posted at exit doors. Fire evacuation and firefighting training are arranged for employees twice a year; the last was conducted on 15 December 2018 by authorized firefighting department.

The facility has established policies and procedures of the monitoring Emergency Preparedness system and the facility has controlled system effectively, so the audit result is good.

A6. AUDIT PROCESS

Audit pay period provided for review

Records	From	To
12 Months Payroll	1 May 2018	30 April 2019
12 Months Attendance	1 May 2018	30 April 2019
Special Comments	Not applicable	

Employee interview sampling

Individual	20
Group	2 groups of 5
Total interviewed	30

Payroll and attendance records sampling

Period	From	To	Peak Season	Records Reviewed
Current Period	1 April 2019	30 April 2019	No	20
Period 1	1 January 2019	31 January 2019	No	5
Period 2	1 October 2018	31 October 2018	Yes	5
Total				30

Other records reviewed

Personnel records

Security log book

Non-Production records

Legal Permits

Employee leave register

Health examination records

Machine maintenance records

Production records

Employment contracts

Social insurance documentation

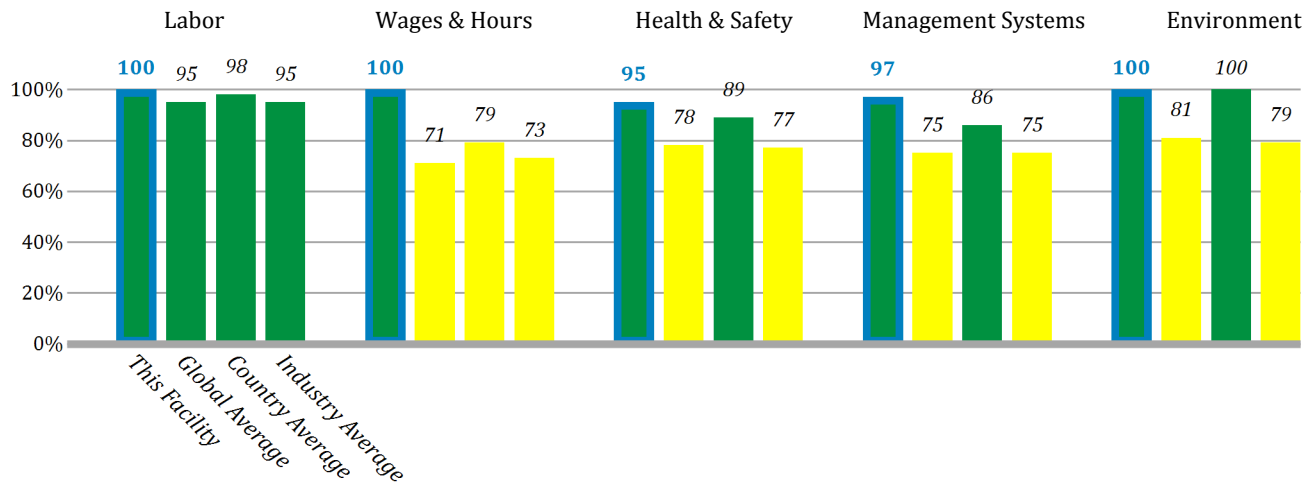
Infirmary logs

Other : Factory rule, safety manual, basic fire fighting & fire drill training record, workplace inspection report, drinking water inspection report













B. KEY PERFORMANCE METRICS

B1. COMPARISON BENCHMARK

Current performance — Global average, Lao Peoples Democratic Republic average, Apparel average

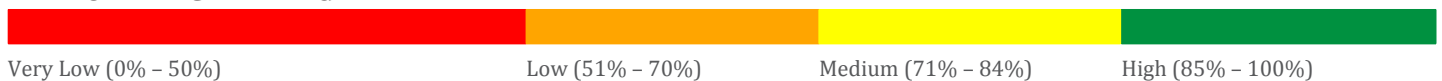


B2. PERFORMANCE TREND ANALYSIS

Section Name	Current (30-May-2019)	Last (14-May-2018)	First (17-May-2013)	Change (Current-Last)	Change (Current-First)
Labor	100	100	100	0 % 	0 % 
Wages & Hours	100	100	100	0 % 	0 % 
Health & Safety	95	95	95	0 % 	0 % 
Management Systems	97	97	100	0 % 	-3 % 
Environment	100	100	100	0 % 	0 % 
Overall Score	97	97	99	0 % 	-2 % 

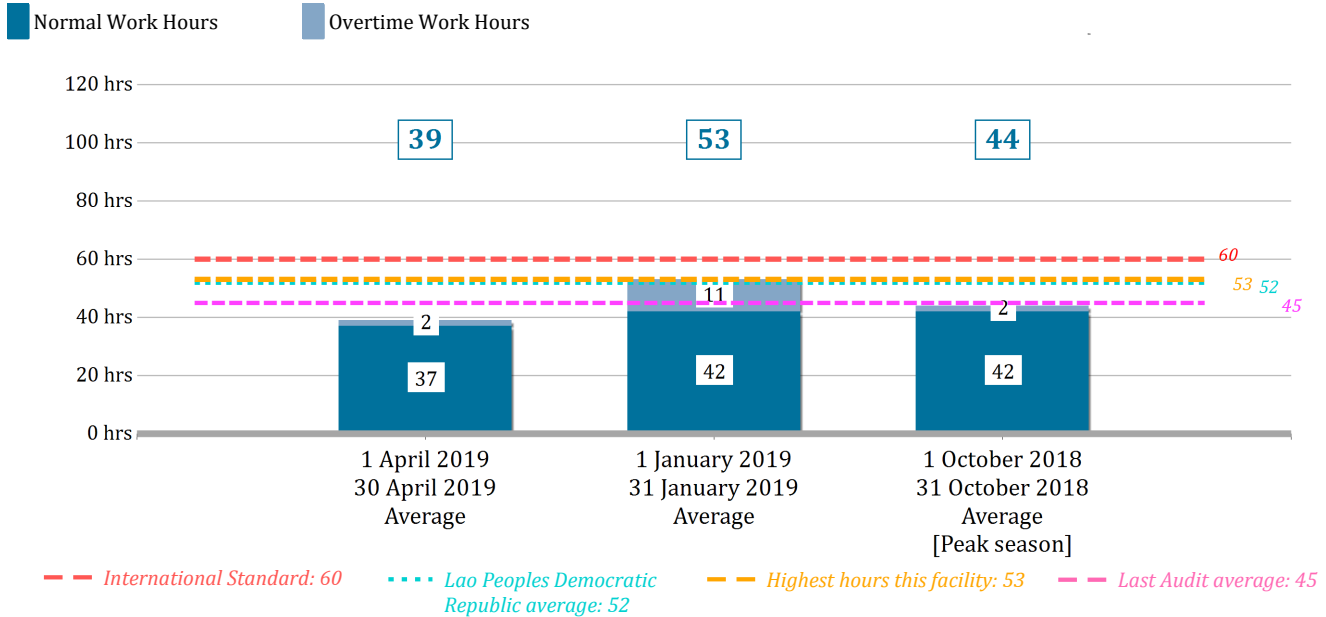
 Advancers  Constant  Decliner

PERFORMANCE RATING

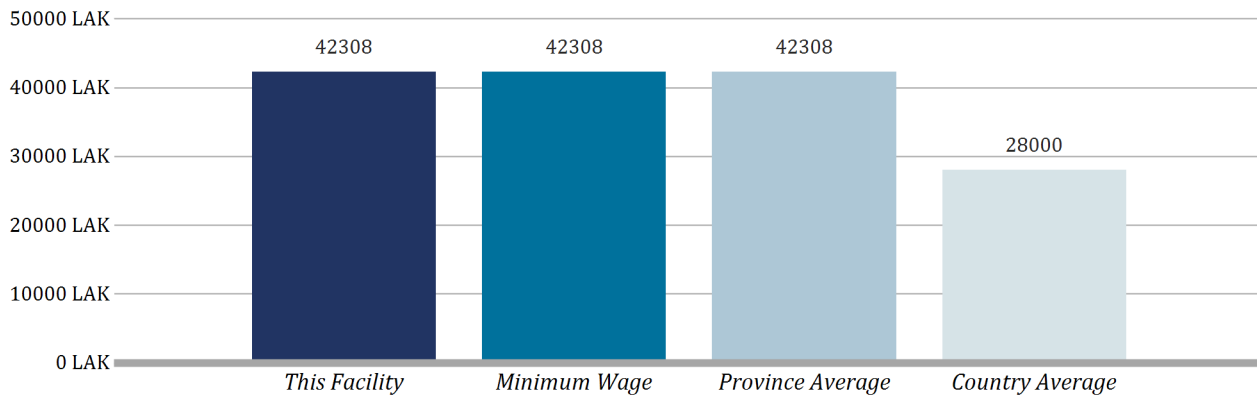


B3. WORKING HOURS AND WAGES

Average total hours worked weekly



Average wages paid in local currency (LAK)



Special wage circumstances:



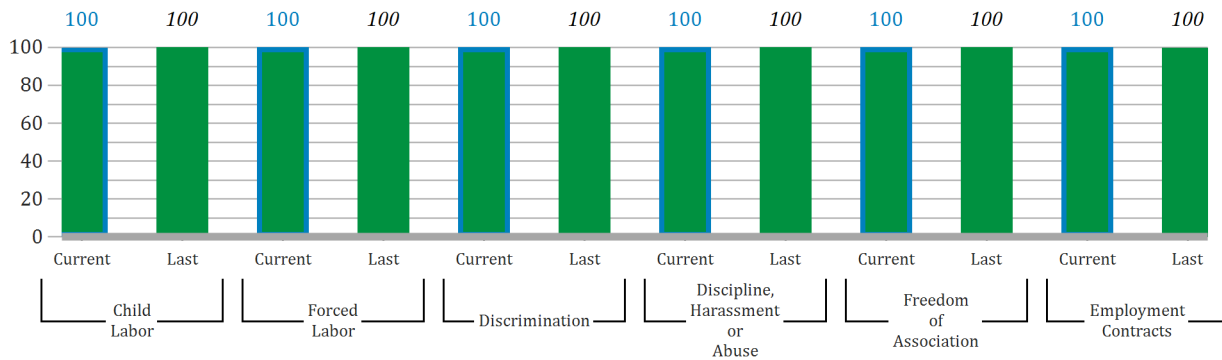
Wages and hours summary: The facility has operated 1 shift from 8:00 am to 5:00 pm; Monday to Saturday in one shift. Lunch time is provided to all employees at noon to 1:00 pm each working day. Sunday is a weekly day off for all employees. Based on time attendance records of October 2018, January 2019 and April 2019 reviewed, the highest weekly working hours was 58 hours (48 Regular hours + 10 overtime hours) and the lowest weekly working hours was 16 hours (16 Regular hours + 0 overtime hours). The scan card system is used for time recording. Employees are required to record their working time by themselves. The facility pays wages twice a month on alternative Saturday. (cut-off 1st to 15th and 16th to end month) for all employees by cash with the employee's signature on payrolls. Pay slip is provided to all employees in their native language. There was no money deposit or illegal deduction deducted from the employees' wages. Only social security insurance and tax were deducted from the employees' wages as per the local law requirement. All employees are paid by cash at least the local minimum wage 42307.69 LAK per day. Regular overtime hours were compensated at premium rate of 150% normal hourly wage for overtime working during 6:00 pm-9:00 pm. No working on rest day / holiday is observed. All employees are received the benefits such as sick leave, annual leave, maternity leave and traditional holiday benefit as required by local law. The facility has provided benefits beyond legal requirement such as attendance bonus, uniform and annual bonus. The facility has established policies and procedures of the monitoring Wages and Benefits system and the facility has controlled system effectively, so the audit result is good. The facility has provided benefits beyond legal requirement such as attendance bonus, uniform, annual bonus meal allowance and free transportation.

C. PERFORMANCE DETAILS

Current (30-May-2019) Last (14-May-2018)

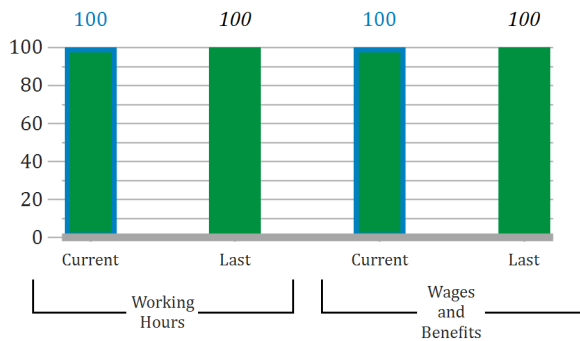
C1. Labor

100%

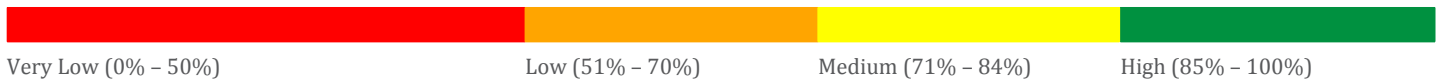


C2. Wages & Hours

100%



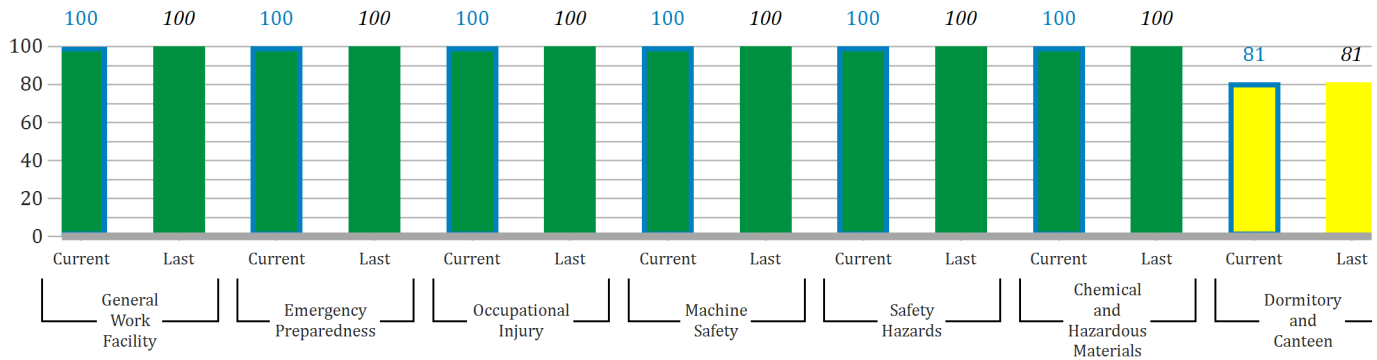
PERFORMANCE RATING





C3. Health & Safety

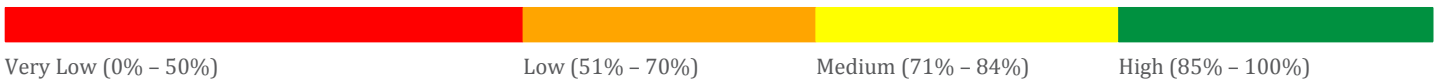
95%



Sub Section: Dormitory and Canteen

Status	Findings	% Global freq of compliance
● Moderate	<p>277.02 : Fire hose reels in the dormitory are not adequate for the nature of operations in terms of sufficient quantity, correct type and valid</p> <p>Auditor's comment There is no fire hose reels installed at the dormitory. However, it is not required by local law.</p>	96%

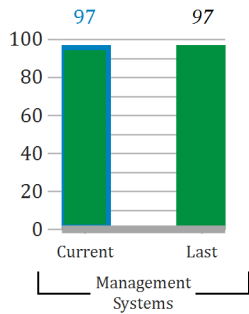
PERFORMANCE RATING





C4. Management Systems

97%

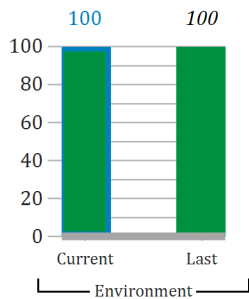


Sub Section: Management Systems

Status	Findings	% Global freq of compliance
● 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 such as no fire hose reel installed at dormitory as it is not required by local law.</p>	64%

C5. Environment

100%



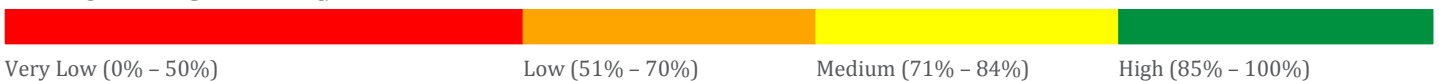
% Global Frequency of Compliance: Represents the implementation percentage performance of all suppliers participating in the WCA Community globally for each issue

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%
Total overtime hours are within allowable limits under applicable law or agreement.	Moderate	47%
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	48%
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	51%
The facility provides social security, pensions, healthcare and/ or other insurance to employees as per legal requirement.	Moderate	57%
Total working hours during the period specified by the waiver are within allowable limits under the waiver.	Moderate	58%

Challenges: Facility performance ranks in the bottom percentile of the population	Rating	Global Freq. of Compliance%
Fire hose reels in the dormitory are not adequate for the nature of operations in terms of sufficient quantity, correct type and valid	Moderate	96%
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	64%

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