

Monitoring result for SHWE MINGALAR CO., LTD on site Shwe Mingalar Co., Ltd.

Monitoring

Monitored Party	: SHWE MINGALAR CO., LTD	amfori ID	: 104-000207-000
Site	: Shwe Mingalar Co., Ltd.	Site amfori ID	: 104-000207-002
Address	: 4th Street Yangon Industrial Zone, Ahkwet No.(25/26) Mingalardon Township	Monitoring Activity	: amfori Social Audit - Manufacturing
	: Yangon	Monitoring Type	: Full Monitoring
	: Yangon	Submission Date	: 08/12/2021
	: Myanmar	Expiration Date	: 08/12/2023

This is an extract of the online monitoring result, generated on 08/12/2021, and is only valid as an acknowledgement of the result. To see all the details, review the full monitoring result, which is available [here](#) - The English version is the legally binding one.



amfori does not assume any liability with regard to the compliance of this extract, or any versions of this extract, with the Regulation (EU) 2016/679 (General Data Protection Regulation).

All rights reserved. No part of this publication may be reproduced, translated, stored in a retrieval system, or transmitted, in any form or by any means electronic, mechanical, photocopying, recording or otherwise, be lent, re-sold, hired out or otherwise circulated without the amfori consent. © amfori, 2021

Overall rating



Section rating

PA1: Social Management System	C
PA 2: Workers Involvement and Protection	C
PA 3: The Rights of Freedom of Association and Collective Bargaining	A
PA 4: No Discrimination	A
PA 5: Fair Remuneration	B
PA 6: Decent Working Hours	C
PA 7: Occupational Health and Safety	A
PA 8: No Child Labour	A
PA 9: Special Protection for Young Workers	A
PA 10: No Precarious Employment	A
PA 11: No Bonded Labour	A
PA 12: Protection of the Environment	A
PA 13: Ethical Business Behaviour	A

General description

Assessment Time Frame & Scope: This was a regular full audit (semi-announced) that started at 08:00 am on November 26, 2021 and ended at 02:30 pm on November 27, 2021. ALGI team of auditors; Mr. Shakil Ahmed- lead auditor (APSCA registration No.- RA 21700953) and Faisal Hossain- team member (APSCA registration No.- ASCA 21705139) were assigned for two days (02 auditors 02 days) to verify the compliance status of the factory against the amfori BSCI code of conduct (BSCI Version 2.0) as well as applicable local laws relating to the following areas:

'Social Management System and Cascade Effect' 'Workers Involvement and Protection' 'The rights of Freedom of Association and Collective Bargaining' 'No Discrimination' 'Fair Remuneration' 'Decent Working Hours' 'Occupational Health and Safety' 'No Child Labor' 'Special Protection for Young Workers' 'No Precarious Employment' 'No Bonded Labor' 'Protection of the Environment' 'Ethical Business Behaviour'

The audit components included opening and ongoing discussions with management regarding factory practices, a review of documentation and records, a facility tour, confidential employee interviews, and a final closing meeting with management.

Factory Overview: The factory "SHWE MINGALAR CO., LTD" is a Private Limited Company, The factory is located at 4th Street Yangon Industrial Zone, Ahkwet No. (25/26) Mingalardon Township, Yangon, Myanmar. The factory has started its operation in 2001 and it's a 100% export-oriented facility. The factory land area is about 3,255 square meters and the production floor area is approximately 5,635 square meters. The main product manufactured by the factory is Woven garments. Main production processes include cutting>sewing>finishing>packing.

The facility consists of 05 sheds; site descriptions are as follows:

Shed-1:

Ground floor: Sewing & finishing section, and workers dining area.

Mezzanine floor 1: Office.

Mezzanine floor 2: Long-arms machine area (currently unused), down filling section (currently unused), and dryer room.

Shed-2:

Ground floor: Worker toilets, fabric warehouse, medical room, and accessories store.

1st floor: Cutting section and finished goods area.

Shed 3: Security room.

Shed 4: Boiler, compressor, generator, and pump house.

Shed 5: Electrical panel board/sub-station.

The business operating licenses of the facility: The business operating permission from the Yangon City Development Committee (YCDC)-304020155 was found expired on September 30, 2021, however, the facility has applied to get an updated copy to the concerned authority on November 24, 2021 but the updated copy is yet to get because of the political situation of the country. The fire certificate (1829) permit was expired on July 24, 2021, and the facility has applied to get an updated copy of the fire certificate to the concerned authority on June 23, 2021. The Myanmar Investment Commission (Ma Na Tha-505/2001) permit was found valid for 30 years. The Industrial license (yaka/kyi/1179) permit was found valid until December 31, 2021. The Certificate of Exporter/Importer Registration-14303 (16-05-01) was found valid until September 30, 2024. The Environmental certificate (0258781) was found valid until March 31, 2022.

A total of 769 employees are currently working in the factory, which includes 703 production workers and 66 management & staff. As per company policy, wages are calculated monthly and are paid within 5 days of the following month. The general shift runs from 07.00 am to 03.30 pm with 30 minutes resting breaks in 3 batches. The security section runs in three shifts; 6.00 am to 2.00 pm, 2.00 pm to 10.00 pm, and 10.00 pm to 6.00 am. The facility runs the same round the year.

Opening Meeting: Lai Lai Win, HR & Admin Manager along with the other factory compliance personnel, and workers representative attended the opening meeting. ALGI audit team provided a brief description of the audit process, scope and provided ALGI Gift and Gratuity letter for review and signature.

Document & Record Review: 12 months' wage and timekeeping records were asked and found available from November 2020 to October 2021 as well as reviewed in detail for the months of October 2021 (current & random month), July 2021 (random month), and April 2021 (random month).

Health & Safety Tour: All areas and floors of this factory were toured including production and non-production areas. The H&S condition of this factory is satisfactory. The production floor was found clean and well-ventilated. The facility provides all the required PPE's to the workers, and during the facility visit, it was noted that all workers were using provided PPE's except 04 fusing machine operators were not using hand gloves during the working time. Pure drinking water was provided for the workers. First aid boxes were provided on the floor with necessary first aid kits. All electrical panel boards were found clean, steam pipes & electrical wires were in proper insulation. The fire alarm system was found centralized, fire alarm bell, fire alarm switch, smoke detector was available with power back up in all workplaces including utility areas. The fire hose reel system was found functional. The facility has installed a sprinkler system on the premises.

Workers Interview: A total of 30 (23 female and 07 male) workers were interviewed from various sections of the factory including cutting, sewing, finishing, packing, and admin section. 10 were interviewed individually & 20 were interviewed in four groups of 05 workers. The interviews were conducted in the dining area.

Closing Meeting: Lai Lai WIn, HR & Admin Manager along with the factory compliance team, and a representative from the Workplace Coordinating Committee (WCC) attended the closing meeting. ALGI audit team communicated each finding in detail and allowed them to ask questions and provide any needed clarifications. They agreed on all the findings and signed the onsite finding report. The ALGI audit team handed over a copy of the draft findings to the factory and thanked them for their cooperation, and left the factory at 02.30 pm on November 27, 2021.

Remarks:

1. Agency labor contract, collective bargaining agreement, government waivers, inconsistency between time and production records, photos of the dormitory, and remediation of previous findings were not applicable in this audit.
2. The senior manager in charge has a good understanding of the situation concerning Covid-19 and has made all possible adjustments.
3. Anker Methodology was used to calculate the Basic Living Wage and the audit team was unable to compare as the auditee has not calculated the BLW.

Site Details

Site	: Shwe Mingalar Co., Ltd.	Site amfori ID	: 104-000207-002
GICS Classification			
Sector	: Consumer Discretionary	Industry	: Textiles, Apparel & Luxury Goods
Industry Group	: Consumer Durables & Apparel	Sub Industry	: Apparel, Accessories & Luxury Goods
GS1 Classifications		Product Process Classifications	
N.A.		N.A.	

Metrics

Key Metrics

Total workforce	757 Workers
Legal minimum wage in local currency	144000 Monthly
Lowest wage paid for regular work at the site	153300 Monthly
Calculated living wage in local currency	416075 Monthly
Total sample	30 Workers

Other Metrics

Male workers	75 Workers
Female workers	682 Workers
Permanent workers - Male	76 Workers
Permanent workers - Female	693 Workers
Temporary workers - Male	0 Workers
Temporary workers - Female	0 Workers
Seasonal workers - Male	0 Workers
Seasonal workers - Female	0 Workers
Management - Male	6 Workers
Management - Female	14 Workers
Apprentices - Male	0 Workers
Apprentices - Female	0 Workers
Workers on probation - Male	0 Workers
Workers on probation - Female	0 Workers
Workers with night shift - Male	9 Workers
Workers with night shift - Female	0 Workers
Workers with disabilities - Male	0 Workers
Workers with disabilities - Female	0 Workers
Domestic migrant workers - Male	0 Workers
Domestic migrant workers - Female	0 Workers
Foreign migrant workers - Male	0 Workers
Foreign migrant workers - Female	0 Workers
Workers hired directly - Male	76 Workers
Workers hired directly - Female	693 Workers
Workers hired indirectly - Male	0 Workers
Workers hired indirectly - Female	0 Workers
Unionised workers - Male	0 Workers
Unionised workers - Female	0 Workers
Workers under CBA - Male	0 Workers
Workers under CBA - Female	0 Workers
Pregnant workers	4 Workers
Workers on parental leave - Male	0 Workers
Workers on parental leave - Female	0 Workers
Sample - Male	7 Workers
Sample - Female	23 Workers

Findings

PA1: Social Management System

Though the facility has developed a management system to implement social requirements, the facility did not show full commitment towards the amfori BSCI CoC. Non-compliances were identified in the following performance areas: Social Management System, Workers Involvement and Protection, Fair Remuneration, Decent Working Hours, Occupational Health and Safety and Protection of the Environment.

Though the facility has a system to develop production plan based on 08 hours working hours a day, the production plan is not realistic based on the working hours schedule. Noted that in the month of October 2021 among 03 sampled months (October 2021, July 2021 & April 2021), maximum sampled workers had worked 11 hours per day. (As per amfori BSCI CoC)

PA 2: Workers Involvement and Protection

Though the facility has a system to provide orientation training to the workers during the recruitment, the training sessions were not more effective as 45% of interviewed workers were not aware of their appointment conditions, entitled leaves, overtime rate and service benefits. (As per amfori BSCI CoC)

Though the facility has developed a grievance handling system and they are maintaining a grievance log to keep records of worker's written complaints. As per worker interview, normally they are habituated to raise any complaint directly to the supervisors and mid-level management but the facility did not keep records of those verbal grievances. However, there were no complaints from workers as per the grievance log. (As per amfori BSCI CoC)

PA 5: Fair Remuneration

The facility does not have a good understanding of the fair living wage of this region for the workforce and existing gaps between the actual remuneration and fair remuneration figure. (As per amfori BSCI CoC)

PA 6: Decent Working Hours

During the audit, 03 sampled months (October 2021, July 2021 & April 2021) wages list and working job records have been verified of 30 workers and it was noted that 18 out of 30 sampled workers had worked excessive overtime in the month of October 2021. Maximum overtime was found 22 hours/week instead of 20 hours/week. However, no working hours violation was observed in the months of July 2021 & April 2021. (3 October 2019, the Myanmar Investment Commission-MIC announcement)

PA 7: Occupational Health and Safety

The facility did not arrange a suitable room or rooms to keep the children under the age of six years of such workers. (The factories act 1951, section-50-1)

As per documents review and management interview, the facility did not assess the risk related to the ironing section, warehouse, compressor, medical, and workers' dining. Further, the facility did not identify the ergonomic risk related to the long-time sitting and standing workers. (As per amfori BSCI CoC)

04 out of 04 fusing machine operators were not using hand gloves during work. As per risk assessment, fusing machine operators shall use hand gloves during working time. (As per amfori BSCI CoC)

Though the facility has a system to keep records of injuries/accidents, the facility does not have any system to analyze the root cause of injuries/accidents. (As per amfori BSCI CoC)

Interviewed workers were not aware of the posted evacuation plan, how to read and understand the evacuation plan. Further, as per posted evacuation plan, the location of the medical room is not matching with the actual location. (As per amfori BSCI CoC)

During the facility visit, it was noted that 60% (approx) of needle guards with sewing machines were found displaced or workers are not using them. Further, 05 out of 22 snap button machines were found without safety guards. (As per amfori BSCI CoC)

PA 12: Protection of the Environment

The facility does not have proper monitoring of waste management. During facility visits, solid waste and empty chemical drums were found here and there in the facility premises. (As per amfori BSCI CoC)