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Audit report

Initial Factory Inspection and Factory Production Control (FPC) Inspection

at

HIEP PHU CORPORATION

LOT G.02B, LONG HAU INDUSTRIAL ZONE, CAN GIUOC,

LONG AN PROVINCE, VIETNAM

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1 Brief evaluation

Client	:	Hiep Phu Corporation (hereinafter referred to as "the Company") Lot G.02B, Long Hau Industrial Zone, Can Giuoc, Long An Province, Vietnam.
Auditee's Representative	:	Mr. Nguyen Truong Hai (General Manager), Mr. Le The Anh (Laboratory Manager) and Mr. Hoang Dinh Viet (QA/QC Manager)
Audit Report Number	:	1603015674
Standards Applied	:	ASTM C1186-08, ASTM C1185-08, Reference to ISO 17025 and EN 12467-2004
Type of audit	:	☐ **Pre-audit** ☐ **Surveillance audit (Follow Up)** ☒ **Certification** ☐ **Repeat audit** ☐ **Extension audit** ☐ **Unannounced Visit**
Audit date	:	10th of January 2012
Lead Auditor	:	Mr. Daniel Armin Waterkamp (DAW)
Auditor(s)	:	Mr. Nguyen Tran Anh Tu (NTAT)
Audit Language	:	English communication / Vietnamese Documentation
Result	:	Within the scope of the Certification Audit, Hiep Phu Corporation has furnished proof that it has introduced a quality system which meets the requirements for manufacturing of Fiber-Cement Sheet Product (100 % non-Asbestos) according to ASTM 1186-08, Type B, Class 2. The auditors do recommend the certification of the company's Factory Production Control.

The following pages contain more detailed information.

15th of February 2012	Daniel Armin Waterkamp	Nguyen Tran Anh Tu
Date	**Lead Auditor**	**Auditor(s)**

2 Objective and audit basis

In accordance with the contract on the certification, dated 18th of Octoper 2011, the company instructed TÜV Rheinland Vietnam Co., Ltd. to perform the inspection of their Factory and their Factory Production Control (FPC).

During the assessment of the factory all units, lines and departments (QA/QC, production and laboratory) involved in the FPC shall be inspected individually. The inspection shall prove if the factory has the necessary process equipment and quality system to achieve product conformity.

The audit was performed on the basis of:

- Quality Manual 'HP-HT-STCL', issued on 15th of October 2011.
- ASTM C1186-08, ASTM C1185-08
- Reference to ISO 17025 and EN 12467-2004

3 Scope

The Certification Audit refers to the quality requirements specified in ASTM C1186-08, ASTM C1185-08. Also reference is made to basic principles of ISO 17025 and EN 12467-2004. It has to be assessed whether the company is able to achieve compliance with the above mentioned ASTM standards by having implemented an effective Factory Production Control and following the basic principles of ISO 17025 and EN 12467-2004

The range of approval shall be applied for following materials:

Product	Material-standard	Type/Grade	Thickness range
Fiber-Cement Sheet Product (100 % non-Asbestos)	ASTM C1185 & ASTM C1186	Type B/ Grade II	3.0mm to 6.0mm

Location(s):
Hiep Phu Corporation, Lot G.02B, Long Hau Industrial Zone, Can Giuoc, Long An Province, Vietnam.

4 Audit Procedure / Audit content

Within the scope of the Audit, the auditors observed processes in various departments of the company in order to gain an understanding of the overall operation. The auditors verified the processes in the Quality Assurance, Production and Laboratory department to check conformity with the requirements of the standards mentioned in paragraph 3 and the descriptions in the quality manual or the relevant procedures and work instructions. This verification was performed on a sampling basis, by interviews, review of the corresponding documentation, and observation of the individual processes.

Audit procedure was carried out in two steps: In an initial audit weaknesses were identified which resulted in a list of finding and non-conformities. During certification audit implementation of corrective actions as a consequence from the findings and non-conformities were verified. Findings and Non-conformities are listed in Appendix A of this report.

The following table describes the audit content and deviations established within the scope of the audit.
column 1 related section of the directive to which the deviation was found,
column 2 deviation report numbers,
column 3 evaluation of the respective deviation, explained in the legend.

Section	Deviation	Evaluation (see legend)
Production and QA/QC		
Review of Organization Details / Responsibility	-	☐
Review of Quality Management System / Quality Plan	-	☐
Inspection and in process testing	-	☐
Production Equipment	-	☐
Review of Product Specification	-	☐
Production Process	-	☐
Purchasing	-	☐
Storage of Parent Materials	-	☐
Initial type testing	-	☐
Non-Conformity and Corrective Action	-	☐
Calibration	-	☐
Documentation / Documentation control	-	☐
Marking/ Identification and Traceability	-	☐
Laboratory		
Lab Organization/ Management	-	☐
Personal Qualification	-	☐
Document control	-	☐
Record control	-	☐
Sampling procedure	-	☐
Control of Nonconforming products	-	☐
Sample storage/traceability	-	☐
Control of Environmental & Testing conditions	See Appendix A	☒
Test equipment	See Appendix A	☒
Work instructions (for each parameter)	See Appendix A	☒
Subcontracting	-	☐
Lab Safety	-	☐
☐	Quality System requirements are fulfilled	

☒	Quality System requirements partly fulfilled: Minor deviation, can be checked during next follow up audit
◪	Quality System requirements partly fulfilled: Submission of new / corrected documents necessary
■	Quality System requirements not fulfilled: Implementation of corrective actions and Re-audit necessary

5 Evaluation Summary

During certification audit, the audit team verified that the processes described in the quality system documentation are implemented. This verification was performed on a sampling basis. Suitable actions to achieve the quality policy and targets are provided and developed. Production as well QA/QC department fulfill the quality system requirements to ensure an effective Factory Production Control.
Laboratory operation complies in principle with basic requirements described in ISO 17025. All test parameters required by ASTM C1186-08 can be determined following ASTM C1185-08, except of the parameter “Surface Burning Characteristics”, which will be subcontracted to a qualified lab on customer request. Some improvements are necessary regarding the record of environmental and test conditions. Also further investment shall be made to stabilize the lab environmental conditions, essential to guarantee sufficient conditioning of test samples. Also some work instruction shall be corrected to reflect the exact procedure described in ASTM C1185-08. Mentioned minor deviations which can be inspected in the follow-up audit are described in Appendix A.

6 General Remarks

In case of changes or modification of the QM-Documents during the validity of the certificate, the company is obliged to inform the certification body accordingly.

The audit was performed by means of sampling objective evidence. Therefore, further deviations not detected during the audit may exist.

The findings and conclusions of the auditors do not release the company from its responsibility to ensure compliance with and constant observance of the requirements of the relevant standards.

7 Final result

☒ The Company’s Factory Production Control enables the company to meet the requirements specified in ASTM C1186-08. Initial inspection of factory and FPC: Positive result with minor deviations which can be inspected within the scope of the yearly follow-up audit. The audit team recommends the certification.

☐ The Company’s Factory Production Control does not fully enable the company to meet the requirements specified in ASTM C1186-08. Initial inspection of factory and FPC: Positive result with the need of providing diverse documents before certification can be recommended. After these docs were received, the audit team will recommend certification.

☐ The Company's Factory Production Control does not enable the company to meet the requirements specified in ASTM C1186-08. Initial inspection of factory and FPC: Negative result – repeated assessment is necessary.