

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

19 Jul 2021



Factory Information

FLA Affiliates	adidas
Country	Thailand
Number of Workers	850

Understanding this Report

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

FLA Code Element

Number of Violations

Child Labor (CL)	2
Compensation (C)	2
Employment Relationship (ER)	5
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	2
Health, Safety And Environment (HSE)	12
Hours Of Work (HOW)	3

Assessment Information

Assessor	OneStep Viet Co., Limited
Assessment Date	19 Jul 2021
Assessment Purpose	Factory Assessment (Virtual Compliance Check)

ASSESSMENT RESULTS

Child Labor (CL)

Benchmark ID	CL.3
Benchmark Details	Employers shall abide by all relevant rules and procedures where the law requires government permits or permission from parents as a condition of employment, and shall keep documentation on-site for inspection at all times.
Finding Details	Based on attendance and payroll records reviewed during the last 12 months, factory management, and workers interviewed, it is noted that there is one young worker with a date of birth on Dec 14, 2003 who joined the factory on April 2, 2021 (not sufficient 18 years old by the time of the recruitment). This worker works in the packing department. However, the factory has not notified the Labor Inspector regarding the employment of a young worker within fifteen (15) days of the young worker commencing work aligned with Thai Labor Law requirement. The factory explained that it was lack of necessary monitoring and inspection from the person in-charge. He/she just checked the year instead of the full date of birth of the worker. Therefore, the factory is not aware that there is a young worker in the factory to conduct the notification.
Recommendation for Immediate Action	The factory is advised to notify all young workers to the Labor Inspector as legally required.
Compliance Classifications	Immediate Action Required
Local Law	The Labor Protection Act B.E. 2541 (1998), Section 45
Benchmark ID	CL.4

Benchmark Details	Employers shall comply with all relevant laws that apply to young workers (e.g. those between the minimum working age and the age of 18), including regulations related to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.
Finding Details	Based on attendance and payroll records reviewed during the last 12 months, factory management, and workers interviewed, it is noted that there is one young worker with a date of birth on 14th December 2003 who joined the factory on 2nd April 2021 (not sufficient 18 years old by the time of the recruitment). This worker works in the packing department. This worker has been working overtime from one (1) to 4 hours per day from April 2021 up to the day of the assessment, which is against the Thai Labor Law requirement. The factory explained that it was a lack of necessary monitoring and inspection from the in-charge person. He/she checked the year instead of the full date of birth of the worker. Therefore, the factory is not aware that there is a young worker in the factory.
Recommendation for Immediate Action	The factory is advised that young workers under 18 years old are not to work overtime, as per legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	The Labor Protection Act B.E. 2541 (1998), Section 48
Compensation (C)	
Benchmark ID	C.7
Benchmark Details	All payments to workers, including hourly wages, piecework, fringe benefits and other incentives shall be calculated, recorded, and paid accurately.

Finding Details	Based on attendance and payroll records reviewed during the last 12 months as well as factory management and worker interviews, it is noted that the factory did not correctly calculate the actual working hours for workers who did not work 8 hours per day. For instance: 1) Worker A took leave in the morning, and had time-in and out at 12:15 – 17:08. For regular working hours, the lunch break shift is from 11:30 – 12:30. Based on this record, the worker worked 4.5 hours on June 7, 2021. However, the factory paid for only 4 hours of work. The factory management explained that their time recording system only counts 4 working hours for workers who worked half-day regardless of the lunch break schedule. 2) Worker B came to work late and had a time-in and out at 9:32 – 17:00. The regular working hours are 8:00 – 17:00. Based on this record, the worker worked 6.5 hours on March 10, 2021. However, the factory paid only for 6 hours of work. The factory records the working time as the worker's leave application based on a manual initial record of 8:00 – 10:00 (2 hours of leave) to determine this worker worked 6 hours on this day instead of the actual time-in recording.
Recommendation for Immediate Action	Recommend the factory calculate the working hours of the workers based on the actual time-in and time-out recording.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	C.6
Benchmark Details	All wages, including payment for overtime, shall be paid directly and in full within legally defined time limits. When no time limits are defined by law, compensation shall be paid at least once a month.

Finding Details	Based on attendance and payroll records review during the last 12 months, factory management and workers interviewed, it is noted that: 1) The factory did not ensure timely payment of the monthly wage, which shall be paid at least once a month as required by Thai Labor Law for their own workers. Workers who receive a monthly wage shall be paid the monthly salary on the 6th of the following month and workers who join the factory from the 1st to 5th of the month shall receive their monthly salary on the 6th of the following month. This has led to late payment for these types of workers. For instance, worker A joined on June 1, 2021 and received the salary of June 2021 on July 6, 2021. The factory is not aware of legal requirement as they follow the practice of the mother company. 2) The same practice is followed for the outsourced security guards. The circle wage calculation of security guards is from 24th date of this month to 21st date of the following month and salary payment shall be paid at the end of the following month. As the result, it led to late payment which is against Thai Law requirement. The factory is not aware that the FLA requirement is also applied to outsourced security guards. Thus, they do not monitor the benefits of outsourced security guards.
Recommendation for Immediate Action	1. The factory is advised to ensure the timely payment for their own workers as legally required. 2. The factory must work with the service providers to make sure their workers are paid on-time as legally required.
Compliance Classifications	Immediate Action Required
Local Law	Labour Protection Act B.E. 2541 (1998), Chapter 5, Section 70

Employment Relationship (ER)

Benchmark ID	ER.1.2
Benchmark Details	Employers shall assign responsibility for the administration of human resources to a clearly defined and adequately qualified staff member or staff members and ensure workers at all levels receive communication and training about existing policies and procedures or any revisions.

Finding Details	As required by FLA's benchmarks, employers shall ensure that all employees and supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance. However, FLA Code is not included in ongoing training to workers. The factory management explained that they were not aware of this FLA requirement.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.5.1
Benchmark Details	Employers shall ensure that all supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance.
Finding Details	As required by FLA's benchmarks, employers shall ensure that all employees and supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance. However, FLA Code is not included into the training to the relevant supervisors. The factory management explained that they were not aware of this FLA requirement.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.8

Benchmark Details	Employers shall have written policies and procedures with regard to promotion, demotion, and job reassignment that outline the criteria, demonstrate linkages to job grading, and prohibit discrimination or use of demotion or job reassignment as a form of penalty or punishment, are provided in writing and seek feedback from employees in writing, and follow all local legal requirements.
Finding Details	1. There is no job reassignment policy developed in place as required of FLA Benchmark. The factory management explained that they were not aware of this FLA requirement. 2. The factory has a demotion policy. However, it lacks clear criteria on how to demote job positions for each employee (if any) to ensure the fair and transparent implementation between two parties. The factory management explained that they were not aware of this FLA requirement.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	ER.3.1
Benchmark Details	Employers shall provide an orientation to new employees at the time of hiring, which includes explanations of the employers' rules, compensation package and policies for human resources, grievance systems, industrial relations, including respect of the right to freedom of association, workers' rights and responsibilities, FLA Code of Conduct, health and safety, and environmental protection.
Finding Details	As required by FLA's benchmarks, employers shall ensure that all employees and supervisors are trained in national laws, workplace regulations, and the FLA Code, workplace grievance systems, and the appropriate practices to ensure compliance. However, FLA Code is not included in orientation training to new workers. The factory management explained that they were not aware of this FLA requirement.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	N/A
Benchmark ID	HOW.10.2
Benchmark Details	If not prohibited by local law, any replacement of official holidays with alternative days off must be voluntary and agreed upon in writing by the worker in advance.
Finding Details	Based on attendance and payroll records reviewed during the last 12 months, factory management, and workers interviewed, it is noted that when the public holiday falls on a weekly holiday, the security guards do not receive a substitute holiday for the public holiday which should be taken on the following day, as required by Thai Labor Law. For instance, Security Guard A had a holiday on June 3, 2021 (it was also the public holiday as required by Thai Labor Law). However, he was not entitled the substitute holiday for the public holiday on the following day. The factory is not aware that the FLA requirement is also applied to outsourced security guards. Thus, they do not monitor the benefits of outsourced security guards.
Recommendation for Immediate Action	The factory is advised to discuss and work with the service providers to make sure their workers are entitled to sufficient substitute holiday.
Compliance Classifications	Immediate Action Required
Local Law	The Labor Protection Act B.E. 2541 (1998), Section 29
Freedom Of Association And Collective Bargaining (FOA)	
Benchmark ID	FOA.17

Benchmark Details	Employers shall bargain with any union that has been recognized by law or by agreement between the employer and that union, provided such agreement does not contravene national law, as a, or the exclusive, bargaining agent for some or all of its workers.
Finding Details	The welfare committee election was conducted on April 5, 2021. However, around 64% instead of 100% of workers attended, as required by Thai Labor Law. The factory does not extend the election date and time for its employees to attend and there is a lack of factory awareness that encourages employees of their right to choose their representatives.
Recommendation for Immediate Action	The factory is advised to follow the legal requirement in arranging for 100% of workers to attend the election on the correct date, and to encourage its employees of their right to choose their representatives.
Compliance Classifications	Immediate Action Required
Local Law	Labour Protection Act B.E. 2541 (1998), Section 96

Harassment Or Abuse (H/A)

Benchmark ID	H/A.10.1.2
Benchmark Details	Body searches and physical pat downs shall only be undertaken when there is a specific, legitimate reason to do so and upon consent of workers, unless a state official with the power to do so (e.g. police officer) has ordered the search.
Finding Details	Based on factory management and worker interviews, it is noted that same-gender pat-downs are reported in the factory. It is conducted every day by the security department whenever workers leave the factory at the entrance gate. It is conducted for security purposes.
Recommendation for Immediate Action	The factory should only conduct body searches and physical pat downs when there is a specific, legitimate reason to do so and upon consent of workers. Body searches shall not be undertaken in public areas.

Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	H/A.10.1.3
Benchmark Details	Body searches shall not be undertaken in public and the person who undertakes the search shall be of the same sex as the person who is being searched.
Finding Details	Based on factory management and worker interviews, it is noted that same-gender pat-down is reported in the factory. It is conducted every day by the security department whenever workers leave the factory at the entrance gate. It is conducted for security purposes.
Recommendation for Immediate Action	The factory should only conduct body searches and physical pat downs when there is a specific, legitimate reason to do so and upon consent of workers. Body searches shall not be undertaken in public areas.
Compliance Classifications	Immediate Action Required
Local Law	N/A

Health, Safety And Environment (HSE)

Benchmark ID	HSE.6.2
Benchmark Details	A sufficient number of workers shall be trained in first aid and firefighting techniques. Training shall be upon hire and with periodic refresher training.
Finding Details	The factory established an emergency response team on June 5, 2021. However, the factory has not appointed any members for the night shift and dormitory (for local officers and supervisors only).

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Ministerial Regulation, Ministry of Labour, on the prescribing of standard for administration and management of occupational safety, health and environment in relation to fire prevention and control, B.E. 2555 (A.D. 2012), Article 28
Benchmark ID	HSE.5.1
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all of the following elements: posting evacuation plans; the installation and maintenance of fire alarms; the installation and maintenance of emergency lighting; ensuring aisles/exits are not blocked and that workers are not blocked within their workstations; employee education and training; and evacuation procedures and fire drills.
Finding Details	1. There is no portable powder fire extinguisher equipped at hazardous waste storage due to a lack of necessary monitoring. There is only one CO2 fire extinguisher equipped in this area instead, which does not have full functions for fire-fighting in the hazardous wastes. 2. At least 3 exit aisles are not fully marked with line markings and directional signs at Bra-making and Sewing section due to lack of the necessary monitoring.
Recommendation for Immediate Action	1. The factory is advised to be equipped with the proper fire extinguishers. 2. Mark all aisles clearly to ensure safe evacuation in the case of emergencies.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation, Ministry of Labour, on the prescribing of standard for administration and management of occupational safety, health and environment in relation to fire prevention and control, B.E. 2555 (A.D. 2012), Article 13
Benchmark ID	HSE.5.1.3

Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following elements: installation and maintenance of emergency lighting
Finding Details	There is no exit sign installed at one exit staircase in the laboratory room and one exit door at the label storing room. The factory management explained that they would install exit signs at these areas after the assessment is completed.
Recommendation for Immediate Action	The factory is advised to install exit sign at all exit doors/staircases and maintain these signs.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation, Ministry of Labour, on the prescribing of standard for administration and management of occupational safety, health and environment in relation to fire prevention and control, B.E. 2555 (A.D. 2012), Article 11
Benchmark ID	HSE.5.1.4
Benchmark Details	All applicable, legally required or recommended elements of safe evacuation shall be complied with, including all the following: ensuring aisles/exits are not blocked and that workers are not blocked within their workstations
Finding Details	Two (2) exit aisles are partially and temporarily obstructed by material in the fabric warehouse due to a lack of necessary monitoring. The factory management explained that this issue was improved on the first day of the assessment.
Recommendation for Immediate Action	The factory is advised to keep exit aisles free from any obstructions.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation, Ministry of Labour, on the prescribing of standard for administration and management of occupational safety, health and environment in relation to fire prevention and control, B.E. 2555 (A.D. 2012), Article 8

Benchmark ID	HSE.9.1
Benchmark Details	All chemicals and hazardous substances shall be properly labeled and stored in secure and ventilated areas and disposed of in a safe and legal manner, in accordance with applicable laws and international standards.
Finding Details	Three chemical containers that contain paint are stored in the office instead of being stored in the designated chemical warehouse and they are not stored in a secondary containment. The factory management explained that these chemicals were used for the renovation of the office. Hence, they were stored in the office area.
Recommendation for Immediate Action	The factory is advised to store the chemicals in the designated area with secondary containment equipped.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment in relation to Hazardous Chemicals, B.E. 2556 (A.D. 2013), Article 17
Benchmark ID	HSE.19
Benchmark Details	All facilities including workplace buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical, and safety and health regulations.
Finding Details	The factory does not provide toilet tissue in the toilets. The factory management explained that they had equipped tissue on the second day of the assessment.
Recommendation for Immediate Action	The factory is advised to equip the toilet tissue in the toilets for worker use.
Compliance Classifications	Immediate Action Required
Local Law	N/A

Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	All three compressed LPG cylinders are not chained. Therefore, they are not protected from accidentally tipping and/or falling at the canteen area. This is due to a lack of necessary monitoring by the food vendors.
Recommendation for Immediate Action	The factory is advised to create a mechanism to protect the compressed LPG cylinders from accidentally tipping or falling.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation, Ministry of Labour, on the prescribing of standard for administration and management of occupational safety, health and environment in relation to fire prevention and control, B.E. 2555 (A.D. 2012), Article 20
Benchmark ID	HSE.6.1
Benchmark Details	All safety and medical equipment (e.g. fire fighting equipment, first aid kits) shall be available in sufficient numbers throughout the workplace, maintained and stocked as prescribed, and easily accessible to workers.
Finding Details	There is no fire extinguisher equipped inside the label storing room due to a lack of necessary monitoring, and fire extinguishers are stored outside instead.
Recommendation for Immediate Action	The factory is advised to equip fire extinguishers properly.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation, Ministry of Labour, on the prescribing of standard for administration and management of occupational safety, health and environment in relation to fire prevention and control, B.E. 2555 (A.D. 2012), Article 13

Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	<p>1. The factory does not provide breast feeding room for lactating workers. The factory management explained that female workers can use the clinic room for breast feeding. However, the clinic staff is male person and it is not appropriate for breast feeding purposes.</p> <p>2. The factory does not have a functioning system or mechanism to inform the safety officer on transferred workers, which may lead to workers missing related health and safety training, PPE provided, and health check.</p>
Recommendation for Immediate Action	1. Provide a breast feeding room for lactating workers that is private and safe. 2. Implement a system to ensure safety officers are aware of workers who need to be trained on health and safety, provided the correct PPE, and to undergo necessary health checks.
Compliance Classifications	Immediate Action Required
Local Law	Public health Act, B.E. 2522
Benchmark ID	HSE.10.1
Benchmark Details	Material Safety Data Sheets (MSDS) for all chemicals and hazardous substances used in the workplace must be available at the usage and storage sites of the chemicals and hazardous substances, in the local language and the language spoken by workers, if different from the local language.
Finding Details	There are no Material Safety Data Sheets (MSDS) posted for three chemical containers in the office that contain paint. The factory management explained that these chemicals were used for the renovation of the office. Hence, the factory did not keep the MSDS.
Recommendation for Immediate Action	The factory is advised to obtain the MSDS and post the MSDS at the locations where the chemicals are stored, transported and used.
Compliance Classifications	Immediate Action Required

Local Law	Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment in relation to Hazardous Chemicals, B.E. 2556 (A.D. 2013), Article 6
Benchmark ID	HSE.5.2
Benchmark Details	Workers shall be trained in evacuation procedures.
Finding Details	According to the factory's annual safety plan, which was developed on December 24, 2020, chemical emergency response drills shall be conducted in May 2021. However, it has not been conducted yet. The factory management explained that they had conducted the chemical emergency response drill on the first day of the assessment.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment in relation to Hazardous Chemicals, B.E. 2556 (A.D. 2013), Article 33
Benchmark ID	HSE.9.2
Benchmark Details	Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances.
Finding Details	According to the factory's annual safety plan, which was developed on December 24, 2020, chemical safety training shall be organized twice per year and the first one should be in June 2021. However, the factory did not conduct chemical safety training in June 2021 as the latest training was conducted in November 2020. The factory management explained that they would conduct it in July 2021.
Recommendation for Immediate Action	The factory is advised to provide chemical safety training to the workers as mentioned in the annual safety plan.

Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment in relation to Hazardous Chemicals, B.E. 2556 (A.D. 2013), Article 34
Hours Of Work (HOW)	
Benchmark ID	HOW.20
Benchmark Details	Employers shall have in place practices that conduct regular analysis of hours of work in their workplaces and procedures that demonstrate a commitment to progressively reducing excessive hours of work.
Finding Details	The production plan is calculated based on 10 working hours per day (8 regular working hours + 2 overtime hours). This practice is against the FLA Benchmark which states that the production plan shall not be calculated based on the regular working hours plus overtime hours. The factory management explained that they were not aware of this FLA requirement.
Recommendation for Immediate Action	The factory is advised to set production plan based on regular working hours only.
Compliance Classifications	Immediate Action Required
Local Law	N/A
Benchmark ID	HOW.3
Benchmark Details	Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with national laws.

Finding Details	The security guards are not entitled to a rest period of at least 20 minutes before starting to work overtime as required by Thai Labor Law. Remark: They only have the lunch break of one hour per day. The factory is not aware that the FLA requirement is also applied to outsourced security guards. Thus, they do not monitor the benefits of outsourced security guards.
Recommendation for Immediate Action	The factory is advised to discuss and work with the service providers to make sure their workers be entitled to sufficient breaks, as legally required.
Compliance Classifications	Immediate Action Required
Local Law	The Labor Protection Act B.E. 2541 (1998) Chapter 2, Section 27
Benchmark ID	HOW.21
Benchmark Details	Other than in exceptional circumstances, the total weekly work hours (regular work hours plus overtime including any alternative shifts such as 4x4 or 3x3) shall not exceed 60 hours per week.
Finding Details	Based on attendance and payroll records reviewed during the last 12 months, factory management, and worker interviews, it is noted that: 1) Approximately 70% total of the workforce worked 61 - 68 hours per week in March, April, May and June 2021 during one (1) to 2 weeks per month. The factory explained that this happened due to urgent orders in those months. 2) All outsourced security guards worked up to 72 hours per week during the last 12 months for all weeks in a month. The working hours of security guards is 12 hours per day, this includes regular and overtime hours. The factory is not aware that the FLA requirement is also applied to outsourced security guards. These practices are against FLA Benchmark which regulates that the weekly working hours (regular and overtime hours) shall not be more than 60 hours per week.
Recommendation for Immediate Action	The factory is advised that the total weekly working hours (regular and overtime hours) of the workers shall not be more than 60 hours.
Compliance Classifications	Immediate Action Required

Local Law	N/A
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