

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

14 Nov 2022



Factory Information

FLA Affiliates	Fast Retailing Co., Ltd.
Country	Thailand
Number of Workers	1370

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

FLA Code Element	Number of Violations
Compensation (C)	2
Employment Relationship (ER)	12
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	11
Hours Of Work (HOW)	1

Assessment Information

Assessor	Openview - Vietnam
Assessment Date	14 Nov 2022

Assessment Purpose	
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ASSESSMENT RESULTS

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	1. It is noted that five out of nine security staffs (from an outsourced security company) are not paid salary for a day off on July 28, 2022. This day off on July 28, 2022 is a paid factory holiday. Due to the holiday, those five security staffs were off but they are not paid by their company for this stoppage day. From security staff and management interviews, it is noted that this practice also applied to all other off days on April 14 & 15, 2022, and August 12, 2022. 2. Two selected electricians from the sample are paid 366,67 Baht/day and 400 Baht/day which is less than the wage rate of the National Skill Standard Assessment of at least 440 Baht/day for those workers.
Recommendation for Immediate Action	(1.1) Re-calculate and pay the wage properly to all outsourced workers. (1.2) Assign the relevant staffs in charge of onsite outsourced worker monitoring to follow the local laws. (2) Pay all workers as defined date by the National Skill Standard Assessment.
Compliance Classifications	Immediate Action Required
Local Law	1. Labor Protection Act B.E. 2541 Section 56. 2. Announcement of the Wage Committee Re: Skill Standard Wage Rate (No.9) Clause 14.
Benchmark ID	C.1.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning the payment of compensation to workers.

Finding Details	<p>1. The skill allowance is not provided to workers in line with the factory’s wage and benefits policy. One out of the 30 sample selected workers from the technical section is not provided with a sufficient skill allowance. They are paid 180 Baht instead of at least 220 Baht per month as per the factory’s wage and benefits policy. The factory explained that the worker came to the factory 15 minutes after the working time during one working day and took four hours of leave on another working day. Thus, he is paid 180 Bath for the skill allowance. However, the factory does not regulate this in the relevant policies. 2. The factory cut off the attendance allowance of workers (240 Baht to 280 Baht) per month from October 01, 2022 without any consent or negotiation from workers.</p>
Recommendation for Immediate Action	<p>(1) Provide skill allowances to workers as per the wage and benefits policy. (2) Provide the attendance allowance for all workers following the established policy. (3) Negotiate with workers, worker representative for any change in the wage and benefit policy.</p>
Compliance Classifications	<p>Immediate Action Required</p>
Local Law	<p>(1) Labor Protection Act B.E. 2541 Section 55. (3) Labor Protection Act, B.E. 2518 Labor Relations</p>

Employment Relationship (ER)

Benchmark ID	ER.1.2
Benchmark Details	<p>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.</p>

Finding Details	(1) The ongoing training for workers does not cover FLA's Code Elements: Employment Relationship; Non-discrimination; Harassment or Abuse; Forced labor; Child labor; Freedom of Association and Collective Bargaining; Health safety, and Environment; Hours of work; Compensation. (2) The factory does not officially assign the social compliance staff responsible for Industrial Relations, Termination & Retrenchment, and Workplace Conduct.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
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	The training for supervisors does not cover FLA's Code Elements such as: Employment Relationship, Non-discrimination, Harassment or Abuse, Forced labor, Child labor, Freedom of Association and Collective Bargaining, Health, safety and Environment, Hours of work, and Compensation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.17.1

Benchmark Details	Employers shall have a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management. This might include suggestion boxes, worker committees, designated spaces for worker meetings, union representatives, and meetings between management and workers' representatives.
Finding Details	The factory does not maintain a logbook for grievances/suggestions which are collected from the three grievance channels. These channels include the QR Code, Welfare committee, and Supervisor/HR Manager in 2022.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.1.1
Benchmark Details	Employers shall have in place written policies and practices and maintain proper and accurate records governing all aspects of employment from recruitment, hiring and probation, including written terms and conditions of employment, job descriptions, administration of compensation, and working hours for all positions, through to retrenchment and termination processes.
Finding Details	1. The factory has not developed procedure to handle the case of discrimination found in the factory, including steps to discipline for the violation related to the non-discrimination policy. 2. The factory has not developed a written procedure to handle the cases of forced labor found in the factory, including the discipline steps for a violation related to forced labor prohibition policy. 3. The factory has not developed a written procedure to handle the cases of child labor found in the factory, including the steps to discipline for the violation related to child labor prohibition policy. 4. Factory does not have monitoring procedure to ensure that wage and benefits of onsite contracted workers are paid according to legal requirement.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.9.2
Benchmark Details	Employers shall have in place written policies and procedures regulating the recruitment and hiring of contract/contingent/temporary workers.
Finding Details	The factory has not developed a written procedure to effectively implement for recruitment and hiring of contract/contingent/temporary workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.18.1
Benchmark Details	Employers shall have written disciplinary rules, procedures and practices that embody a system of progressive discipline (e.g. a system of maintaining discipline through the application of escalating disciplinary action moving from verbal warnings to written warnings to suspension and finally to termination).
Finding Details	The labor disciplinary policy and procedure updated on June 30, 2022 does not cover the steps and timeline for each disciplinary measure.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.6.1
Benchmark Details	Employers shall have written policies and procedures and implement practices that encourage ongoing training of all categories of workers with the goal of raising or broadening skills in order to advance in their careers within the factory or beyond.
Finding Details	The factory has not developed written policy and procedure to implement the personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their careers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.7.1
Benchmark Details	Employers shall have written policies and procedures with regard to performance reviews that outline the review steps and process, demonstrate linkages to job grading, prohibit discrimination, are provided in writing and seek feedback and agreement/disagreement from employees in writing, and that follow all local legal requirements.
Finding Details	The factory does not conduct the performance review for workers. Factory only conducts the performance review for office staff twice a year.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
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	The factory has not developed policy and procedure for promotion and demotion to implement. Promotion and demotion are generally based on leader comments.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.4
Benchmark Details	Employers shall inform workers about workplace rules, environmental protection systems, health and safety information, and laws regarding workers' rights with respect to freedom of association, compensation, working hours, and any other legally required information, and the FLA Code through appropriate means, including posted in local language(s) throughout the workplace's common areas.
Finding Details	The factory posts the FLA's Code elements throughout the workshop. However, all interviewed workers do not know the locations of FLA's Code elements posted and due to training is not conducted completely, workers does not know well FLA Code. Workers just know basic Health Safety and general local laws.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
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	The orientation training for new workers does not cover FLA's Code Elements such as: Employment Relationship; Non-discrimination; Harassment or Abuse; Forced labor; Child labor; Freedom of Association and Collective Bargaining; Hours of work and Compensation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil
Benchmark ID	ER.1.3
Benchmark Details	Employers should implement an annual, review process with input from workers of all policies, procedures and their implementation to ensure they meet legal requirements and the FLA Workplace Code.
Finding Details	Workers are not consulted or integrated into the decision-making process of aspects concerning the workplace and working conditions. Policies and procedures are established by the Social compliance team, HR team, and HSE team without consultation or integration from workers.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil

Harassment Or Abuse (H/A)

Benchmark ID	H/A.8.3
Benchmark Details	Employers, shall develop, implement and monitor policy and procedures for eliminating the risk of violence, harassment, and abuse in the workplace. Policies and procedures shall include a clear statement that violence, harassment, and abuse will not be tolerated, procedures for the investigation of allegations, and measures to protect any complainants, victims, and witnesses.
Finding Details	The factory has not developed a written procedure to conduct the investigation, and specific timeline to handle the case of harassment and abuse found in the factory.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	Nil

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 has only one qualified person responsible for the fire water pump operation which is not ensured as a backup requirement.
Recommendation for Immediate Action	Train and assign one or more responsible people for the fire water pump system to be ready for fire emergencies.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation on the Prescribing of standard for administration and management of Occupational safety, health and environment relating to protection and prevention of fire B.E. 2012 Clause 2
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) One main emergency exit route observed in the material warehouse and another main emergency exit route in the finished goods warehouse are not clearly marked; approximately 10% of emergency exit routes in the production workshop are not clearly marked. (2) All emergency exit doors in the factory are not fire-resistant smoke-sealed doors.
Recommendation for Immediate Action	Clearly mark all emergency exit routes and keep them free from obstruction for emergency events.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation on the Prescribing of standard for administration and management of Occupational safety, health and environment relating to protection and prevention of fire B.E. 2012 Clause 11

Benchmark ID	HSE.5.1.2
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 fire alarms;
Finding Details	There is no fire alarm system in the Sewing production building No. 05 with approximately 1,000 workers working in this building. The factory has installed the new fire alarms for this building on the 2nd assessment day and it is functional during testing.
Recommendation for Immediate Action	Install the functional fire alarm system for all buildings and working areas.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation on the Prescribing of standard for administration and management of Occupational safety, health and environment relating to protection and prevention of fire B.E. 2012 Clause 9
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	The unused fabric/rags storage room is overloaded, all two out of two doors cannot be opened for fire safety checking.
Recommendation for Immediate Action	Reorganize the unused fabric/rags storage room to ensure the fire safety condition.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulations Determining Standards for Administration, Management and Operations on Occupational Safety, Health and Environment in relation to Fire Prevention and Suppression, B.E. 2555, Article 9 (2).

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	Eight chemical drums in the mechanical area and three chemical bottles in the mechanical storage area are not provided with identification labels in the local language for workers' reference. Remark: all those chemical drums are construction paint, machine oil, GPW-3004 and Thinner AAA-100%.
Recommendation for Immediate Action	Post the identification labels for all chemicals in local language for workers' reference.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial Regulation on setting standards for management and implementation of occupational health and safety in the work environment with dangerous chemicals BE 2556 Article 7.
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	(1) The interlock device/auto stop sensor of one out of 03 observed elevators is out of order during the onsite testing. (2) One out of three checked electrical panels in mechanical area is not installed with inner covers for safety.
Recommendation for Immediate Action	(1) Repair the interlock device of the elevator for safety reason. (2) Install the inner safety cover for all electrical panels.
Compliance Classifications	Immediate Action Required

Local Law	(1) Ministerial regulations Standards for the management of occupational health and safety management and Environment and working with machinery, crane and boiler BE 2552 Section 41 (5). (2) Occupational Safety, Health and Environment ACT B.E.2554 (A.D. 2011) Section 6.
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.
Finding Details	(1) The OHS risk assessment at the fire water pump and wastewater treatment plant are not sufficient. It does not cover the electrical hazards, confined space hazards, wet floor hazards, and other equipment hazards in these areas. (2) Unused oil tanks in the air compressor area are not classified and stored separately as hazardous waste. (3) The health examination is conducted every year. The latest health examination is conducted on August 26&27, 2022 by a local clinic. There are 1,322 workers tested for Spirometry and abnormal result is 341 workers (25.79%), and a total of 56 workers tested for Audiogram and abnormal result is 12 workers (21.42%). Therefore, both the lung capacity and hearing capacity of workers has decreased. However, the abnormal case workers are not followed up with for treatment as local law requires. (4) The temperature at Warehouse ACC, Store, Building No.3, Building No.4 is higher than the standard. The daily temperature reports in those buildings show the highest temperatures are from 35.1 to 39 Degrees Celsius which exceeded the local standard 32 Degrees Celsius.
Recommendation for Immediate Action	(1) Conduct the risk assessment to ensure including all significant hazards and areas to propose the remediation. (2) Classify the hazardous waste and stored properly and safely. (3) Follow-up treatment of the abnormal results workers from the health check-up. (4) Ensure working temperature is in line with the local limit.
Compliance Classifications	Immediate Action Required

Local Law	(1) Ministerial Regulation on setting standards for management and implementation of occupational health and safety in the work environment with dangerous chemicals BE 2556 Article 31. (2) In accordance with Ministerial Regulation No. 2 (B.E 2535) issued under the Factory Act B.E. 2535, Section 13. (3) In accordance with Ministerial Regulation on the prescribing of criteria and method of conducting health check-ups of employees and forwarding the results of a health checkup to Labor Inspector B.E. 2547(A.D.2004) Clause 9. (4) In accordance with the Ministerial Regulation B.E. 2559 Re: occupational health and safety management Standard for safety working with respect to environmental conditions (heat, lighting, and noise) chapter 1; Heat, section 2:
Benchmark ID	HSE.28
Benchmark Details	Employers shall create a system to ensure that all necessary Health and Safety protections are provided for external contractors; including protection when working within , confined spaces, maintenance issues, and general Health and Safety Issues.
Finding Details	The factory does not communicate the health and safety information to contractors. As a sample record review, there are no health and safety communication records in place for contracted workers who visited the factory on April 29 & 30, 2022 for working environment inspection.
Recommendation for Immediate Action	Communicate the HSE information to all contractors working onsite in the factory.
Compliance Classifications	Immediate Action Required
Local Law	Occupational Safety, Health and Environment ACT B.E.2554 (A.D. 2011) Section 6.
Benchmark ID	HSE.14.3
Benchmark Details	Employers shall ensure safety instructions are either displayed or posted near all machinery or are readily accessible to the workers in language(s) spoken by workers.

Finding Details	(1) The factory does not post the safety operation procedure (SOP) for drilling machines in the mechanic area. (2) One observed damaged elevator in the production workshop is not posted with the safety sign "do not use" to prevent from accidental use. (3) The factory does not post the warning signs and safety instructions in the local language for all three air compressor machines and all five manual forklifts are not posted with the safety warning signs.
Recommendation for Immediate Action	(1) Post SOP for drilling machine sufficiently. (2) & (3) Post the safety warning signs for all air-compressors, manual forklifts and elevators.
Compliance Classifications	Immediate Action Required
Local Law	Ministerial regulations Standards for the management of occupational health and safety management and Environment and working with machinery, crane and boiler BE 2552 Section 8.
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	Chemical drums in the mechanical area and chemical bottles in the mechanical storage area are not posted with the MSDS (Material Safety Data Sheets) for workers' reference. Remark: all those chemical drums are construction paint, machine oil, GPW-3004 and Thinner AAA-100%.
Recommendation for Immediate Action	Post the MSDS for all chemical at storage and use areas for workers to refer.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) Section 17

Benchmark ID	HSE.8
Benchmark Details	Workers shall be provided with training on the use and maintenance of personal protective equipment. Training shall be upon hire with periodic refresher training offered to all workers. Management will ensure use of PPE as necessary.
Finding Details	The worker who is handling the chemical drum does not use PPE such as gloves, glasses and aprons. Another worker in the finished good warehouse who is working with the manual forklift does not use safety shoes; one observed forklift driver does not wear PPE such as a hard hat, safety shoes and safety seat belt as per requirement for safety.
Recommendation for Immediate Action	Provide and monitor to ensure that all workers use the PPE properly.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) Section 22

Hours Of Work (HOW)

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	Two out of 30 sample selected workers (Security guards) worked more than 60 hours per week from one to four weeks in a month in May, August and October 2022. The maximum working hour is 72 hours per week, noted in October 2022.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	Nil
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