

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

17 Nov 2022



Factory Information

FLA Affiliates	adidas
Country	Thailand
Number of Workers	0

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

Compensation (C)	2
Employment Relationship (ER)	14
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	13
Hours Of Work (HOW)	2

Assessment Information

Assessor	Openview - Vietnam
Assessment Date	17 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) One out of 30 sample selected workers in sewing section is not paid correctly for normal working hours in August 2022. According to the time attendance records and gate pass form, the worker has six normal working hours on August 27, 2022 but the worker is only paid for four normal working hours. HR responsible person explains that the system could not count exactly for those abnormal cases and HR staff wrongly input for the worker time records. (2) One out of 30 sample selected workers who is electrician is paid 332 Baht/day which is less than the wage rate of the National Skill Standard Assessment which define at least 440 Baht/day. Note: The legal minimum wage is 315 Baht/day before October 1, 2022; 332 Baht/day applied since October 1, 2022.
Recommendation for Immediate Action	(1) Review and pay sufficient wages for all workers based on the hours of work. (2) Pay all workers as defined by the National Skill Standard Assessment.
Compliance Classifications	Immediate Action Required
Local Law	1. Labor Protection Act B.E. 2541, Article 55 and Article 56. 2. Announcement of the Wage Committee Re: Skill Standard Wage Rate (No.9) Clause 14.
Benchmark ID	C.21.1
Benchmark Details	Employers shall provide all legally mandated benefits, including holidays, leave, bonuses, severance payments and 13th month payments to all eligible workers within legally defined time periods.

Finding Details	Based on the time record and payroll record of June 2022, July 2022, and October 2022 review, all workers who took casual leave with 3 days are not paid as per local law.
Recommendation for Immediate Action	Pay the casual leave for workers as per legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	Labor Protection Act (No.7), Section 57/1 and B.E.2562 (2019) Section 34.

Employment Relationship (ER)

Benchmark ID	ER.17.5
Benchmark Details	Employers shall have in place procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce.
Finding Details	A grievance policy developed and updated on January 12, 2022 indicates that there are four channels for grievance including Email, Hotline, Grievance boxes and Wove/Line. The factory explains that the tracking for those channels on weekly basis. However, there is no written procedure guidance on how to track the number, types, timing, and resolution and recording for the grievances.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	The ongoing training for workers does not cover FLA's Code Elements: Employment Relationship; Nondiscrimination; Harassment or Abuse; Forced labor; Child labor; Freedom of Association and Collective Bargaining; Hours of work; Compensation.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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; Nondiscrimination; 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	
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 a 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 procedure to handle the cases of forced labor found in the factory, including the steps to discipline for the violation related to the forced labor prohibition policy. (3) The factory has not developed a procedure to handle the cases of child labor found in the factory, including the steps to discipline for the violation related to the child labor prohibition policy.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.17.3
Benchmark Details	Employers shall have in place written procedures that allow a direct settlement of the grievance by the worker and the immediate supervisor. Where this is inappropriate or has failed, there should be additional options for senior management review and consideration, depending on the nature of the grievance and the structure and size of the enterprise.
Finding Details	The factory has not developed a written procedure that allows a direct settlement of the grievance by the workers and the immediate supervisors and includes senior management review if needed.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
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	(1) The labor disciplinary procedures established on January 10, 2022 are not fully followed. Only warning letters are kept in the disciplinary records, and the evidence of the labor rule violations is not kept. (2) The labor disciplinary procedure does not cover the timescales for each disciplinary measure and not included a statement of prohibition of monetary penalties as a form of disciplinary.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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 to implement the written policy and procedure on personnel development that encourage ongoing training with the goal of raising or broadening workers' skills so they can advance in their career.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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's current procedure for performance review does not include linkages to job grading and written feedback for workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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 to implement the policy and procedure for promotion and demotion.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
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	There is no policy indicated that the factory has regular communication on FLA code to workers.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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; Nondiscrimination; Harassment or Abuse; Forced labor; Child labor; Freedom of Association and Collective Bargaining; Environment; Hours of work and Compensation.

Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	
Benchmark ID	ER.18.3.4
Benchmark Details	Records of disciplinary action must be maintained in the worker's personnel file.
Finding Details	The records of labor disciplinary actions are not maintained in workers' personnel files.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
Benchmark ID	ER.18.4
Benchmark Details	The disciplinary system shall include a third party witness during imposition, and an appeal process.
Finding Details	Although the reviewed records show that the worker representative joins in the process of labor discipline, the disciplinary policy and procedure does not regulate workers' ability to have a third-party witness during the imposition of disciplinary actions.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

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 to handle for the case of harassment and abuse found in the factory.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required

Local Law	
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 person responsible for the fire water pump operation. There is not enough responsible person to be a backup for the emergency cases.
Recommendation for Immediate Action	Assign more responsible to operate the fire water pump system to be ready 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 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) There are no fire extinguishers equipped in the motorbike and car parking areas with 8,595 square meters. (2) There are no fire-resistant smoke-sealed doors at all emergency exits in the factory premises.

Recommendation for Immediate Action	Equip the fire extinguishers for the motorbike and car parking areas for safety reasons.
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.5.1.3
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	(1) No exit sign and emergency light equipped for emergency exit doors of the machine storage building with 600 square meters. (2) The exit signs in the finished goods warehouse are not illuminated to be notified workers the location of the emergency exits.
Recommendation for Immediate Action	Install sufficient emergency exit signs and emergency lights at the exit doors of the machine storage building.
Compliance Classifications	Immediate Action Required
Local Law	Notification of Ministry of Industry Re: Fire prevention and protection in the factory BE 2552, Section 4
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	The fire alarm sound in the scan delivery room is too low to notify workers of emergencies, there are approximately six workers working in this area.

Recommendation for Immediate Action	Install more fire alarms in the scan delivery room and storage area to ensure it can notify all workers of 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 9.
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	(1) There are no secondary containers for four observed used oil tanks in the chemical storage warehouse. (2) There are no identification labels for two observed used eyewash water drums, those drums are designed to contain the used contaminated water from the emergency eyewash station.
Recommendation for Immediate Action	(1) Provide secondary containers for chemicals as per law. (2) Post the identification label for all hazardous substance containers for safety reasons.
Compliance Classifications	Immediate Action Required
Local Law	(1) & (2) Ministerial Regulation on setting standards for management and implementation of occupational health and safety in the work environment with dangerous chemicals BE 2556 Article 22
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.

Finding Details	The ladders are not secured when not being in use. There are two ladders used for maintenance team are not in the original design, and no inspection records to ensure for the safety condition of the ladders.
Recommendation for Immediate Action	Regulate regular check for the ladders for safety use.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.4.1
Benchmark Details	Employers shall at all times be in possession of all legally required and valid permits and certificates related to health, safety, and environmental issues, such as: Purchase and storage of chemicals; Fire safety inspections; Machinery inspections; Waste disposal; Environmental licenses/permits; Sanitation permits, including those required for canteens; and Vehicle inspection and driver permits for all employer provided transportation.
Finding Details	The factory does not have removal permit for the contaminated containers which are hazardous wastes as per required by law.
Recommendation for Immediate Action	Obtain the removal permit for the contaminated containers.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with the Notification of the Ministry of Industry Re: Waste Disposal B. E. 2548 Ch 2 Sec 9.
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 updated risk assessment on July 01, 2022 does not cover the related risks for four groundwater reserve tanks at the workers and management dormitories; the high noise hazard in the fire water pump room; related risks including fire safety risk in the storage area storing unused machines and fabrics. (2) The factory has not conducted the asbestos risk assessment to identify if any materials contained asbestos and figure out the appropriate countermeasures to protect workers accordingly. (3) The accident investigation procedure No. NAC-PM-HR-07 is issued on July 1, 2022. However, the factory does not provide training on for all relevant members who join the accident investigation.
Recommendation for Immediate Action	(1) Update the risk assessment to cover all significant risks and areas to propose the remediation.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with the Notification of Ministry of Labor and Social Welfare Re: Occupational Safety and workplace Environmental Management Methodology B.E. 2549 Clause 18 (3).
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) All observed five manual forklifts are not posted with the safety warning signs, no safety warning signs in local language for one air compressor and one fire water pump in the factory. (2) There are no safety operation procedures (SOP) for grinding machine in the maintenance area; Roll Fabric Piping Cutting machine in the material warehouse and the fire water pump.
Recommendation for Immediate Action	(1) Post safety warning signs for lift devices and air compressors. (2) Post the safety operation procedure (SOP) at or nearby the machines for workers' reference.
Compliance Classifications	Immediate Action Required

Local Law	(1) In accordance with Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) Section 17. (2) 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.18.2
Benchmark Details	Medical staff shall be fully licensed and recognized under applicable national rules and regulations.
Finding Details	There is only one nurse working in the factory. The factory has around 1,249 workers and the local law requires at least 2 nurses for the medical care.
Recommendation for Immediate Action	Hire two nurses for first aid since the total number of workers are more than 1,000 persons as local law required.
Compliance Classifications	Immediate Action Required
Local Law	According to the Ministerial Regulation B.E. 2548 Re: Prescribing welfare in the business establishment, Clause 2 (3)
Benchmark ID	HSE.30.2
Benchmark Details	The health, safety, and environmental policies shall contain the framework for a comprehensive health, safety, and environmental management system within which the following are clear and regularly tested and reviewed; procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) and environmental emergencies
Finding Details	(1) There are three labor accidents noted in the past 12 months. The investigation is made. However, there are no identified root causes for those accident, only general reason for an accident such as "worker did not follow the work instruction". (2) The preventive action indicates that all relevant workers are provided with the training on the accident handling. However, no training records such as name list of worker, photos and names of trainers are in place for review.

Recommendation for Immediate Action	(1) Investigate for the accident root cause. (2) Provide training on how to implement the accident investigation for all relevant members who join the accident investigation.
Compliance Classifications	Immediate Action Required
Local Law	According to the Notification of Ministry of Labor and Social Welfare Re: Occupational Safety and workplace Environmental Management Methodology B.E. 2549 Chapter 1 General; Clause 18
Benchmark ID	HSE.7
Benchmark Details	Workers shall be provided at no cost with all the appropriate and necessary personal protective equipment (e.g. gloves, eye protection, hearing protection, respiratory protection) to effectively prevent unsafe exposure (e.g. inhalation or contact with solvent vapors, noise, dust) to health and safety hazards, including medical waste.
Finding Details	The metal gloves for observed cutting worker are too wide, and a tear is found in the the gloves; two hard hats (PPE) of the forklift drivers do not have the straps.
Recommendation for Immediate Action	Provide appropriate PPE and and monitor to ensure workers use the PPE sufficiently for safety reasons.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) Section 22.
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 factory has not provided the safety shoes for workers who operate the manual forklift for safety reasons.

Recommendation for Immediate Action	Provide appropriate PPE and monitor to ensure workers use the PPE sufficiently for safety reasons.
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.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 work for 3 shifts; 07:00-15:00, 15:00-23:00, 23:00-07:00. The shift is changed every Sunday. However, the factory does not ensure at least 24- hour rest for workers between shifts. For example: The security guard who work on Sunday night (June 19, 2022) which is from 23:00-07:00 is rotated to the afternoon shift from 15:00-23:00 on next Monday afternoon (June 20, 2022) and the rest period between two shift is only 8 hours.
Recommendation for Immediate Action	Re-arrange the working shift to ensure workers who performs shift work are entitled to a break of at least 24 hours.
Compliance Classifications	Immediate Action Required
Local Law	Labor Protection Act B.E.2541, Section 23.
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	Workers work more than 60 hours a week in sample selected months as below: - In July 2022: 15 out of 30 sample selected workers (Sewing section, Cutting section, Inspecting section, Maintenance section, Material Warehouse section, Heat Transferring section, Technical section) worked more than 60 hours per week; the max working hour is 66.5 hours/ week, in from one to three weeks in a month; - In June 2022: 13 out of 30 sample selected workers (Sewing section, Cutting section, Inspecting section, Maintenance section, Material Warehouse section, Heat Transferring section, Technical section) worked more than 60 hours per week; the max working hour is 72 hours/ week, in from one to three weeks in a month; Note: The time attendance records from November 2021 to October 2022 are provided for review.
Recommendation for Immediate Action	Review the workplan and planning to ensure workers work within 60 hours per week.
Compliance Classifications	Immediate Action Required
Local Law	

