

Fair Labor Association: Independent External Factory Assessment

Assessment Date :

28 Aug 2023



Factory Information

FLA Affiliates	Fast Retailing Co., Ltd.,FLA Audits (Not a test member)
Country	Thailand
Number of Workers	1105

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)	3
Employment Relationship (ER)	11
Freedom Of Association And Collective Bargaining (FOA)	1
Harassment Or Abuse (H/A)	1
Health, Safety And Environment (HSE)	12
Hours Of Work (HOW)	1
Nondiscrimination (ND)	1

Assessment Information

Assessor	Openview - Vietnam
Assessment Date	28 Aug 2023
Assessment Purpose	

ASSESSMENT RESULTS

Compensation (C)

Benchmark ID	C.9.3
Benchmark Details	Employees shall be compensated for overtime hours at such premium rate as is legally required in the producing country
Finding Details	<p>1. The normal working hour in the factory is from 08:00 to 17:00, but the factory does not pay overtime for around 30 section chief level such as sewing section chief, maintenance section chief and FQA section chief at a rate of not less than 1.5 times of hourly wage as per legal requirement when these employees work overtime from 0.5 to 3 hours in a day. They only receive the monthly salary as in the labor contract which does not cover the overtime payment. For more information, the job levels in the factory are Workers, Staff, Leaders, Supervisors, Section Chiefs, Managers and Director. 2. Overtime compensation for one (1) out of 28 selected sample workers is paid insufficiently in May 2023. This worker works from 08:00 to 17:00 then continues working overtime from 17:00 to 18:30 on May 31, 2023. The time record system is automatically setup with 30-minute break from 17:00 to 17:30 for all workers though workers does not take it. The HR staff forgets adjusting overtime hour for this worker as their policy, so the time record system counts and pays her only one overtime hour instead of one and a half overtime hours.</p>
Recommendation for Immediate Action	1. Pay overtime for all employees as per legal requirement. 2. Fix the issue of time recording system to ensure count correct overtime hours of all workers to pay as per local laws.
Compliance Classifications	Immediate Action Required
Local Law	Labor Protection Act B.E. 2541, Section 61
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	The payroll records of gardener employed by the factory are not available and provided for review. The factory management representative explains that it is reviewed by another third party for their financial audit from August 28, 2023, to September 9, 2023 and is not kept in place. Additionally, there are no payroll and attendance records of seven (7) onsite outsourced security guards provided for review.
Recommendation for Immediate Action	Ensure to maintain the working hours and payroll records of all onsite workers as per legal requirement. Onsite workers are monitored for working hours and paid according to the local laws.
Compliance Classifications	Immediate Action Required
Local Law	In accordance with the Labor Protection Act B.E. 2541, Section 114
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	The provident fund is paid to resigned workers from one (1) month to one and a half (1.5) months after the resignation date instead of within 30 days of the membership termination date as per legal requirement. For instance, one sample selected worker resigned on April 13, 2023, the factory paid the provident fund on May 26, 2023, (half month late).
Recommendation for Immediate Action	Pay all wages and benefits to resigned and terminated workers on time as per legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	The Provident Fund Act, Section 23

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	The factory does not develop the procedures to track the number, types, and timing and resolution of grievances, and to communicate the resolution of grievances to the workforce. The grievance records provided for review does not indicate the receipt date, resolution status and if the resolution of grievances are communicated to relevant workers.
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 factory has a written responsibility assigned to qualified staffs (CSR team) for Compensation, Recruitment, Health safety and Environment. However, it does not cover FLA Employment Functions: Personnel Development, Hours of Work, Industrial Relations, Workplace Conduct and Discipline, Grievance Systems and Termination and Retrenchment.
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 factory does not provide specific training to the relevant supervisors that includes all FLA's Code elements and Employment Functions.
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	<p>1. The policy on non-discrimination was established and updated on January 04, 2019. However, the prohibition statements do not cover types of discrimination such as sexual orientation, ethnic origin, ages, marital status, and social group. The prohibition statements only mention the prohibition in discrimination of religions, nationality discrimination, races, disability, and gender.</p> <p>2. The factory has not established the policy and procedure to handle for juvenile workers. There is no young worker working in the factory.</p> <p>3. The policy and procedure on termination and retrenchment does not cover the topic of termination payout date.</p> <p>4. The factory has the job descriptions for production workers and office employees, but there is no job description developed for cleaners and helpers in place for review.</p>

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	The policy and procedure on Workplace Conducts and Discipline does not cover the topic of no monetary fines and penalties or use monetary fines and penalties as a means to maintain labor discipline, including for poor performance, for broken or lost tools/machinery, or for violating company rules, regulations, and appeal process.
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 written policies and procedures on personnel development that encourage ongoing training with the goals of raising or broadening workers' skills so they can advance in their careers.

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	1. The factory has not developed policies and procedures on performance reviews that include steps and processes, linkages to job grading, nondiscrimination, written feedback, and compliance with legal requirement. 2. Though the factory conducts the performance review for workers annually for salary increase and year-end bonus. The policies and procedures on performance reviews have not been developed. The performance review is solely based on the supervisor's judgement without worker's feedback on the evaluation results.
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 developed policies and procedures on promotion, demotion and job reassignment. However, there is no data showing that the practices are following the established policies and procedures related with the promotion, demotion and job reassignment following FLA Codes.
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	1. The policies and procedures are generally individually reviewed by the responsible staffs. There are no records and data in place to prove for comprehensive and systemic review conducted by the factory management team. 2. Workers are not consulted or integrated into the decision-making process of aspects concerning workplace and working conditions. Policies and procedures are established by the social compliance team, HR, and HSE team without or with very limited 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 disciplinary actions are not maintained in the personnel files, which are maintained separately in the disciplinary folders.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	ER.18.3.2
Benchmark Details	Workers have the right to participate and be heard in any disciplinary procedure against them.
Finding Details	The factory does not hold the disciplinary meeting so that workers could participate and be heard any disciplinary procedure against them. In practice, the factory only issues the written disciplinary decisions and send it to worker for signatures.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
Freedom Of Association And Collective Bargaining (FOA)	
Benchmark ID	FOA.1.1

Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning freedom of association and collective bargaining. national laws, rules, and procedures protecting the rights of workers to organize and bargain collectively. Where local laws and FLA standards differ, the employer is expected to follow the highest applicable standard.
Finding Details	The Freedom of Association & Collective Bargaining policy and procedure does not cover the topic to handle for labor rights to strike and dispute.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

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	Pat downs are conducted routinely by security guards (by gender) at the exit doors of the production building whenever workers go out and in for lunch, 30-minute break before working overtime, and end of the working shift. There is no pat downs policy or guidance in place to communicate and train for security guards to implement.
Recommendation for Immediate Action	1. 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. 2. Develop the policy and procedure on security practices and body searches. 3. Communicate and provide the training for relevant staffs.

Compliance Classifications	Immediate Action Required
Local Law	
Health, Safety And Environment (HSE)	
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 provides canteen and food is served by outsourced catering services. However, the factory does not keep food samples for the necessary length of time to prevent food born illness and investigate when necessary.
Recommendation for Immediate Action	Store food samples in place for at least 14 hours to check and investigate when necessary.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.13
Benchmark Details	All necessary ventilation, plumbing, electrical, noise and lighting services shall be installed and maintained to conform to applicable laws and to prevent or minimize hazardous conditions to workers in the facility.
Finding Details	There is no heat stress management procedure, no heat stress assessment for areas or processes with thermal comfort problems such as electrician, boiler, air compressor and kitchen area.
Recommendation for Immediate Action	

Compliance Classifications	Sustainable Improvement Required
Local Law	
Benchmark ID	HSE.14.1
Benchmark Details	All production machinery, equipment and tools shall be properly guarded and regularly maintained.
Finding Details	1. There is no convex mirror at blunt ends of intersection roads within factory premises to help workers proactively check vehicles on other sides of the road. There are no markings for pedestrian walk paths in the factory compound for traffic safety. In addition, there is no warning sign for forklift hazards, no designated forklift traveling routes at materials warehouse. 2. One out of two observed straight ladders at the canteen are installed with the back safety cover from third floor to second floor. However, there is no back safety cover from second floor to first floor as per legal requirement. 3. The factory has implemented lockout-tagout (LOTO) cards at the mechanic room. However, the factory does not have LOTO devices for other machines, equipment that must be locked and tagged during maintenance or repair.
Recommendation for Immediate Action	Ensure all ladders are in good working condition with proper safety back cover.
Compliance Classifications	Immediate Action Required
Local Law	2/ The Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011), Section 6
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	1. There is no fire detector and automatic fire alarm installed at the electrical room (MDB room, 28 square meters), air compressor area (18 square meters), unused material or storage of combustible materials (non-hazardous waste storage area, 30 square meters) as per legal requirement. 2. The factory had installed the portable eyewash devices at the chemical storage (machine oil) and hazardous waste area. However, the eyewash devices are not functional during the factory tour and onsite testing.
Recommendation for Immediate Action	1. Install fire detector and fire alarm system throughout the buildings as per legal requirement. 2. Maintain all eyewash devices in good condition as per legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	1/ Fire prevention and protection in the factory BE 2552, Section 4 2/ The Notification of the Ministry of Interior Re: Working safety relating to harmful chemical Clause 13
Benchmark ID	HSE.1
Benchmark Details	Employers shall comply with all national laws, regulations and procedures concerning health, safety, and the environment.

<p>Finding Details</p>	<p>1. The OHS (occupational health and safety) risk assessment does not cover working areas such as the maintenance workshop, waste storage area, chemical storage area, oil tank and electrical works. 2. There were eleven (11) safety committee members for Safety, Occupational Sanitation and the Working Environment established in the factory on March 23, 2023. However, four (4) out of eleven members are new workers and were not provided training on health and safety by a qualified agent to achieve the certificates as per legal requirement. 3. The factory provides the health check for all workers including new and existing workers once per year only. Therefore, 127 new sewing and cutting workers working with risk factors are not provided with the occupation health check within the first 30 days since the hiring date as per legal requirement. 4. The factory has not established the ACM (asbestos contaminated materials) management procedure and does not take proper steps to ensure that workers are not exposed to asbestos. 5. There is no assessment to identify asbestos suspected materials (e.g., insulation materials, construction materials). In addition, there is no test report to prove compliance for these asbestos suspected materials. 6. Factory has identified the confined space area and locked by the locking device to prevent unauthorized entering. However, there is no risk assessment for confined space hazards, no safe operating procedure for entering confined spaces (ensure safe atmosphere, rescue equipment ready, trained observer present).</p>
<p>Recommendation for Immediate Action</p>	<p>1. Provide the training on health and safety for all members of safety committee as per legal requirement. 2. Provide the occupation health check for all workers working with risk factors within the first 30 days since the hiring date as per legal requirement.</p>
<p>Compliance Classifications</p>	<p>Immediate Action Required</p>
<p>Local Law</p>	<p>1/ the Occupational Safety, Health and Environment Act B.E. 2554 (A.D. 2011), Section 11 2/ the Notification of Ministry of Labor and Social Welfare Re: Occupational Safety and workplace Environmental Management Methodology B.E. 2549, Chapter 2, Clause 23. 3/ the Ministerial regulation Re: Rules and procedures for medical examination B.E. 2547, Chapter 1, Section 3.</p>
<p>Benchmark ID</p>	<p>HSE.14.3</p>

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	The factory uses the electric forklifts and the battery charging station is next to the production buildings where workers always walk across before going in and out of the production areas. However, the factory does not install the physical fence or post the warning sign to prevent the electric shock or other potential safety issues.
Recommendation for Immediate Action	
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.29
Benchmark Details	Employers shall provide all necessary protection for workers when working at heights, confined spaces, and other high-risk areas.
Finding Details	The factory does not post the authorized entry-only access at the air compressor area to prevent from unauthorized entry access.
Recommendation for Immediate Action	Post the un-authorized access warning in place.
Compliance Classifications	Immediate Action Required
Local Law	Notification of Ministry of Labor and Social Welfare Re: Occupational Safety and workplace Environmental Management Methodology Relating Machinery, Crane and Boiler B.E. 2552, Chapter 4, Clause 96.
Benchmark ID	HSE.17.2
Benchmark Details	Employers shall train workers in proper lifting techniques, and items such as lifting belts shall be provided.

Finding Details	The factory does not provide training to workers on ergonomics, including lifting techniques especially for heavy physical demanding jobs (loading, unloading heavy objects).
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	
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	Factory does not analyze and investigate the cause of accidents and injuries to prevent from reoccurring in the future. There were eight (8) accidents and injuries reported in 2022 and four (4) accidents and injuries reported in 2023.
Recommendation for Immediate Action	Analyze and investigate the causes of accidents, illness and make a report of the investigation, together with suggesting resolution and keep tracking report for improvement.
Compliance Classifications	Immediate Action Required
Local Law	The Ministerial Regulation on the prescribing of standard for administration and management of occupational safety, health and environment B.E. 2549 (A.D. 2006), Clause 12.
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	Factory does not provide the rubber mats under all ten observed electrical panels in the factory as per legal requirement.
Recommendation for Immediate Action	Provide the rubber mats for all electrical panels as per legal requirement.
Compliance Classifications	Immediate Action Required
Local Law	The Ministerial Regulation on the Prescribing of standard for administration and management of occupational safety, health and environment with electricity A.D. 2011, Chapter 1, Clause 18.
Benchmark ID	HSE.14.2
Benchmark Details	Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use.
Finding Details	The factory provides the health and safety training for new and existing worker. However, the factory does not provide safety training to designated workers with special/high-risk responsibilities (working with confined spaces, lockout/ tagout and work at heights).
Recommendation for Immediate Action	Provide training to all workers working with OHS high risk machine areas.
Compliance Classifications	Immediate Action Required
Local Law	
Benchmark ID	HSE.17.1
Benchmark Details	Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains.

Finding Details	Although factory is providing some proactive steps to reduce repetitive-motion stress or injuries (breaks, adjustable workstations). There are no backrest chairs provided for six (6) observed sewing workers who are handling prolonged seating work and as factory workers design and arrange. Most of sewing workers in the factory are standing but not sitting to perform their job.
Recommendation for Immediate Action	
Compliance Classifications	Sustainable Improvement Required
Local Law	

Hours Of Work (HOW)

Benchmark ID	HOW.22.2
Benchmark Details	Accurate time records shall be maintained by employers, including overtime, breaks, and leave.
Finding Details	The fingerprint system is used to record the working hours of all workers, but the time recording system is not fully automatic as detail below: 1. Workers take a 30 minute break (from 17:00 to 17:30, or from 17:30 to 18:00, or from 18:00 to 18:30) before working overtime for 2 hours in a day, but the break time is auto setup from 17:00 to 17:30 for all workers. If worker works overtime less than 2 hours in a day, the HR staff has to manually adjust numbers of overtime hours of each worker into 0.5, 1, or 1.5. 2. The time out of eleven workers from 4th to 16th January 2023 is at 17:00 but the overtime hours are three hours in a day for those workers. The time out on the back-up data is at 20:30. The factory representative explains that the HR relevant staff makes a mistake when she reviews the time record system. Workers receive the overtime payment in full until 20:30 as the back-up data. Note: It is confirmed that the factory has no issue with transparency and the factory uses the new time record system since August 2023 which can record the 30-minute break of workers accurately.

Recommendation for Immediate Action	Factory should ensure the time record system is automatically and accurately record for all hours of work.
Compliance Classifications	Immediate Action Required
Local Law	
Nondiscrimination (ND)	
Benchmark ID	ND.3
Benchmark Details	Recruitment and employment policies and practices, including job advertisements, job descriptions, application and interview questions and job performance/evaluation policies and practices shall be free from any type of discriminatory bias.
Finding Details	1. The Request of Man-power Form includes non-job-related criteria of education (grade) status, which might have a discrimination risk during the application, recruitment, or hiring process. For example, helper position requires elementary school and sewing operator, cutting operator and QC positions require high school. 2. All employment decisions are free from discrimination on the basis of workers' age and disabled status, the hiring and recruitment procedure no. PM-PN-001 issued on June 20, 2023, has not updated as the factory's practice on hiring and recruitment. The policy indicates that the worker's hiring age is from 18 years old, and worker is not disabled or mentally ill or having infective disease that is unacceptable for society.
Recommendation for Immediate Action	1. Review and update all forms relating to the application, recruitment, or hiring process. 2. Avoid asking non-job-related criteria during the application, recruitment, or hiring process.
Compliance Classifications	Immediate Action Required
Local Law	The Constitution of the Kingdom of Thailand 24 August 2007, Section 30

