



FAIR LABOR
ASSOCIATION®

INDEPENDENT EXTERNAL ASSESSMENT REPORT



Verification Assessment

COMPANIES: Delta Galil Industries Ltd.

COUNTRY: Thailand

ASSESSMENT DATE: 07/17/18

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Apparel

NUMBER OF WORKERS: 896

Summary of Code Violations

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.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Number of Violations
Employment Relationship	5

Previous Report Findings and Verification Results

PREVIOUS FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1.The two-hour orientation training provided to new workers does not cover Human Resources (HR) policies or provide adequate information to workers regarding Compensation, Hours of Work, or Grievance System. Furthermore, workers are not provided with training materials, including the FLA Workplace Code, during the orientation training. 2.Although factory management has trained workers and supervisors on the Worldwide Responsible Accredited Production (WRAP) standards and the FLA-affiliate's Code of Conduct, neither workers nor supervisors have received any training on the FLA Workplace Code and Benchmarks. 3.The factory does not provide specific, detailed training to supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; Industrial Relations; and Workplace Conduct & Discipline. 4.Workers do not receive ongoing training on Retrenchment.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.15.3, ER.16, ER.17, and ER.27)

Root Causes

1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks. 2.The lack of training on the FLA Workplace Code has not been brought to the attention of the factory management during previous audits. 3.Management does not recognize the benefits of training new workers. 4.Management does not recognize the benefits of specific, detailed supervisor training. 5.Management does not recognize the benefits of ongoing training for workers.

FLA's Recommendations for Sustainable Improvements

1.Establish an orientation training program that provides adequate information on all Employment Functions. Provide workers with orientation training materials that cover all aspects of orientation training, as well as a copy of the FLA Workplace Code. 2.Train workers and supervisors on the FLA Workplace Code and Benchmarks. 3.Provide specific training to supervisors on Recruitment, Hiring & Personnel Development, Retrenchment & Termination, Industrial Relations, and Workplace Conduct & Discipline. 4.Provide ongoing training to workers on Retrenchment.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: Based on factory's provided documentation, factory has covered Human Resources (HR) policies and information regarding Compensation, Hours of Work, and Grievance System to the workers during the orientation training. During the worker interview, it was confirmed that workers were provided with training materials, including the FLA workplace code of conduct during the orientation training.

2. Finding Status (Partially Remediated)

Explanation: Per factory management information, factory still does not provide ongoing training on workplace standards or code of conduct. Meanwhile, based on documentation, factory has provided specific training to supervisors and production staff on workplace conduct. However, the training does not include i) Prohibition against sexual harassment and abuse, intimidation or violence ii) Worker appeal process after a disciplinary action has been imposed.

Root Causes: 1. The factory management and compliance personnel are not familiar with the FLA benchmarks. 2. The factory lacks the manpower and resources to provide on-going training. 3. The factory has busy production schedules.

3. Finding Status (Not Remediated)

Explanation: Per factory management information, factory still does not provide specific, detailed training to supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; Industrial Relations; and Workplace Conduct & Discipline. Additionally, there is no specific training to supervisors on Hours of Work or Environmental Protection either.

Root Causes: 1. The factory management and compliance personnel are not familiar with the FLA benchmarks. 2. The factory lacks the manpower and resources to provide on-going training. 3. The factory has busy production schedules.

4. Finding Status (Remediated)

Explanation: Based on factory's provided documentation and training record, factory has provided ongoing training to workers on Retrenchment. Workers also confirmed this during the worker interview.

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) (Section16) FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.17, ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

2. Factory will provide ongoing training on workplace standards or code of conduct. factory has provided training to all workers on workplace conduct. And factory will add prohibition against sexual harassment and abuse, intimidation or violence, Worker appeal process after a disciplinary action has been imposed in the training.

3. Factory will provide specific, detailed training to supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; Industrial Relations; and Workplace Conduct & Discipline. Additionally, there is no specific training to supervisors on Hours of Work or Environmental Protection.

PREVIOUS FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. There are no policies or procedures on Recruitment, Hiring & Personnel Development, including policies and procedures on the Recruitment of migrant workers. 2. As there are no policies and procedures on Recruitment, Hiring & Personnel Development, there is no regular review or updates per local law and the FLA Code. 3. The factory communicates some information on Recruitment, Hiring & Personnel Development practices to the general workforce, but the information is not detailed.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.7, ER.28, ER.29, and ER.30)

Root Causes

1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks. 2.The factory underestimated the risk of foreign migrant worker issues. 3.The lack of policies and procedures on Recruitment, Hiring & Personnel Development have not been brought to the attention of the factory management during previous audits.

FLA's Recommendations for Sustainable Improvements

1.Establish policies and procedures on all aspects of Recruitment, Hiring & Personnel Development. 2.Establish and implement a procedure for the regular review and update of the Recruitment, Hiring & Personnel Development policies and procedures. 3.Communicate the Recruitment, Hiring & Personnel Development policies, procedures, and updates to the general workforce in detail.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation: Based on factory's provided documentation, policies and procedures on Recruitment and Hiring is in place.

However, there is still no policy or procedure on Personnel Development, including policies and procedures on the Recruitment of migrant workers. Meanwhile, there are only minimal written policies for Recruitment & Hiring. The policies on Recruitment & Hiring lack several elements, including: a statement that the policy applies to all levels and available positions within the factory, protection for special categories of employees, and a commitment to fair and transparent Recruitment, Hiring, & Personnel Development. There is no policy on performance reviews that includes steps and processes, demonstrates linkages to job grading, prohibits discrimination, provides written feedback, and complies with legal requirements.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks

2. Finding Status (Partially Remediated)

Explanation: Based on factory's provided documentation, the policies and procedures on Recruitment and Hiring is in place, while there is no policies and procedures on Personnel development.

However, based on factory management information, factory still does not conduct a periodic review and update of policies and procedures across all Employment functions: Recruitment, Hiring and Personnel development policies and procedures, Workplace Conduct & Discipline, Termination and Retrenchment, Grievance System, Industrial Relations & Freedom of Association, Environmental Protection, Hours of Work , Wages and Benefit and Health and Safety according to local laws and regulations/FLA code requirements

Root Causes: The factory does not deploy sufficient manpower and resources to develop and review the current policies and procedures

3. Finding Status Not Remediated

Explanation: Based on factory management information, factory still does not communicate the policies and procedures and their updates for the across all Employment Functions to the general workforce, including; Recruitment, Hiring & Personnel Development, Wages and Benefit, Hours of Work, Environmental Protection, Grievance System, Termination and Retrenchment, Workplace Conduct & Discipline, Industrial Relations & Freedom of Association, Health and Safety

Root Causes: The compliance team prepares the majority of the policies and procedure. There is a gap in communication between the compliance team and administration staff on different employment function.

Local Law or Code Requirement

FLA workplace Code (Employment Relationship Benchmarks ER.1, ER 16, ER 25)

Recommendations for Immediate Action

1. Factory shall set up a proper training plan and deploy relevant resources to provide regular specific trainings to for supervisors on all employment functions.
2. Factory shall provide ongoing training on workplace standards/ code of conduct.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will set policy or procedure on Personnel Development, including policies and procedures on the Recruitment of migrant workers.

2. Factory will communicate the policies and procedures and their updates for the across all Employment Functions to the general workforce, including; Recruitment, Hiring & Personnel Development, Wages and Benefit, Hours of Work, Environmental Protection, Grievance System, Termination and Retrenchment, Workplace Conduct & Discipline, Industrial Relations & Freedom of Association, Health and Safety

PREVIOUS FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The Labor Department requires migrant workers from Myanmar to undergo a health examination upon hiring, which includes testing for pregnancy, lymphatic filariasis, leprosy, tuberculosis, syphilis, drug use, and alcoholism. Pregnancy test results are reflected in workers' health examination reports. This health examination is also required when applying for a work permit extension. 2. The factory has a workforce of 925 workers, including 88 migrant workers from Myanmar who were recruited through a recruitment agency and employed as contractors; these workers have to pay recruitment fees themselves. This amount is deducted from each paycheck at THB 1,000 (USD 28) every two weeks. The total cost of recruitment fees is about THB 10,000-18,000 (USD 280-500) per person, depending on their specific fees. These fees include medical tests (TBH 500-600 (USD 14.35-17.22)), work visas (THB 500 (USD 14.35)), two-year work permit fees (THB 1,900 (USD 54.52)), the cost of international travel (cost unspecified), passport fees (cost unspecified), and the recruitment agent's commission (cost unspecified). Neither the recruitment agency nor the factory could provide a full breakdown of these fees. 3. The job application forms include questions requiring information on marital status, weight, height, age, pregnancy status, religion, prisoner status, number of children, educational level, and name of family members, posing a serious risk of discrimination during the recruitment process. 4. The job advertisement posted at the security house in front of the factory specifically requests that the applicants for the industrial engineering officer position be 30 years or older, and that the applicants for the cutting and "move cutting" position be male. 5. The probation period for new workers' lasts 119 days. While the duration of the probation period does not violate local labor law, it does not meet the FLA limit of a three month probationary period. 6. The factory does not have a direct employment relationship with workers hired through the recruitment agency. The recruitment agency pays these workers. The factory does not have a system to verify the payments made to these workers.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.3, ER.5, ER.6; Forced Labor Benchmark F.7; Compensation Benchmark C.3; Non-Discrimination Benchmarks ND.2, ND.3, ND.4, ND.5, ND.6, and ND.7)

Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements. 2. These issues have not been brought to the attention of the factory management during previous audits. 3. The factory underestimated the risk of foreign migrant worker issues. 4. Factory practices are in line with local law and regulations, but are in violation of FLA requirements. 5. The factory does not adequately monitor the implementation of recruitment and employment practices such as job advertisements.

Recommendations for Immediate Action

1. Do not review health examination reports until after hiring in order to ensure that pregnancy test results are not used to discriminate against pregnant workers. Do not maintain pregnancy test results in workers' personnel files. 2. Cease collecting recruitment fees from foreign migrant workers. The factory should cover all recruitment costs and fees that might be incurred, including travel expenses, visas, work permits, change of employer, document verification, health examination, processing, and work permit renewal fees. Work with the recruitment agency in Myanmar and Thailand to determine the total cost of fees paid by the migrant workers and retroactively reimburse migrant workers for any recruitment fees they paid during the last 12 months. 3. Remove questions regarding marital status, weight, height, age, pregnancy status, religion, prisoner status, number of children, educational level, and name of family members from job application forms. This information, if needed, can be collected after the recruitment process is completed. Ensure that this information is not used to discriminate against workers at any point during their employment. 4. Remove gender and age requirements from job advertisements. 5. Ensure probationary periods do not exceed three months.

FLA's Recommendations for Sustainable Improvements

Pay workers hired through the recruitment agency directly.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: Based on documentation, testing for pregnancy, lymphatic filariasis, leprosy, tuberculosis, syphilis, drug use, and alcoholism was not included in the health examination report and health check for a work permit extension.

Root Causes: N/A

2. Finding Status (Partially Remediated)

Explanation: Based on factory's provided documentation, it was noted that factory has refunded the recruitment fee paid by all migrant workers to the Thailand recruitment agency. However, it was noted that migrant workers still need to pay a certain fee, including recruitment fees to the Myanmar recruitment agency. At the time of assessment, factory has a workforce of 890 workers, including 232 migrant workers from Myanmar, they were recruited through one Myanmar recruitment agency and two Thailand recruitment agencies. During the assessment, the factory provided supporting documents of a payment to prove that the factory settled all fees paid by the workers to the Thailand recruitment agencies. However, the workers recruited through the Myanmar recruitment agency still have to pay recruitment fees to the Myanmar recruitment agency themselves. According to the collected information, the total cost of recruitment fee is about Kyats 300, 000 (USD 231) to Kyats 10, 000, 000 (USD 7692) per person, depending on their specific fee. These fees include training fee (cost unspecified), documentation fee (cost unspecified) and transportation fee (cost unspecified) to the Myanmar 's agency. Neither the recruitment agency nor the factory could provide a full breakdown of these fees.

Root Causes: 1. The HR personnel is not aware that the recruitment fee of the sending countries need to be settled by the factory. 2. Lack of monitoring of all recruitment agencies. 3. The HR personnel is not aware that the health check fee should be settled by the factory.

3. Finding Status (Remediated)

Explanation: Based on documentation and worker interview, it was noted that the job application forms does not include questions requiring information on marital status, weight, height, age, pregnancy status, religion, prisoner status, number of children, educational level, and name of family members, posing a serious risk of discrimination during the recruitment process

Root Causes: N/A

4. Finding Status (Remediated)

Explanation: Based on on-site observation and documentation, no age requirement mentioned on the job advertisement post.

Root Causes: N/A

5. Finding Status (Not Remediated)

Explanation: Based on documentation, it was noted that the probation period for new Burmese workers' lasts 119 days. While the duration of the probation period does not violate local labor law, it does not meet the FLA limit of a three-month probationary period

Root Causes: The factory management is not aware of the relevant FLA benchmarks.

6. Finding Status (Remediated)

Explanation: Based on documentation and worker interview, the factory has a direct employment relationship with workers hired through the recruitment agency. The factory directly pays these workers

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER .5, ER.6, ER.16 and Non-discrimination ND.5)

Recommendations for Immediate Action

1. Ensures the probation period of all workers is not more than 3 months.

2. Ensures all fees associated with the employment of workers shall be the sole responsibly of employers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

2. The company is contracting directly with Thai and Burmese agencies, stating that they will charge any employees.

5. Factory will change the probation period for new Burmese workers' 90 days.

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Termination & Retrenchment

Finding Explanation

1. There are no policies or procedures on Retrenchment. 2. As there are no policies and procedures on Retrenchment, they are not reviewed regularly or updated per local law and the FLA Code. 3. The factory does not communicate with the general workforce on Retrenchment. 4. The company regulation states that workers should refer to their employment contracts regarding the retirement age. However, workers' employment contracts do not reflect a specific retirement age. Thus, workers do not know when they are able to retire.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.16, ER.19, and ER.32)

Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks. 2. These issues have not been brought to the attention of the factory management during previous audits. 3. There is no specific law enforce the factory to specific the retirement age on hiring. 4. The factory does not want to provide the severance pay the worker after retirement.

Recommendations for Immediate Action

1. Establish and implement policies and procedures on all aspects of Retrenchment. 2. Establish and implement a procedure for the regular review and update of the Retrenchment policies and procedures. 3. Communicate the Retrenchment policies, procedures, and updates to the general workforce. 4. Ensure that the retirement age is mentioned in the company regulation or workers' employment contracts, and cover this information during worker training.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation: Based on documentation and factory management information, policies and procedures on Retrenchment is in place. However, the written procedures on Retrenchment lack several elements, including: a communications protocol regarding any labor authorities or other third parties that need to be notified, steps for ensuring preferential hiring of retrenched employees if jobs open up again, steps on retrenchment of special categories of employees and a system for managing final payouts.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks.

2. Finding Status (Not Remediated)

Explanation: Based on documentation, the Retrenchment policies and procedures are in place. However, they are not reviewed regularly or updated per local law and the FLA code.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks.

3. Finding Status (Not Remediated)

Explanation: Based on documentation, the Retrenchment policies and procedures is in place. However, factory does not communicate with the general workforce on Retrenchment

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks.

4. Finding Status (Not Remediated)

Explanation: Based on documentation and worker interview, the company regulation states that workers should refer to their employment contracts regarding the retirement age. However, workers' employment contracts do not reflect a specific retirement age. Thus, workers do not know when they are able to retire.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks.

Local Law or Code Requirement

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will add Retrenchment lack several elements, including: a communications protocol regarding any labor authorities or other third parties that need to be notified, steps for ensuring preferential hiring of retrenched employees if jobs open up again, steps on retrenchment of special categories of employees and a system for managing final payouts in policies and procedures.
2. Factory will review regularly or updated per local law and the FLA code the Retrenchment policies and procedures.
3. Factory the communicate with the general workforce on Retrenchment Retrenchment policies and procedures.
4. Factory will specify retirement age the company regulation.

PREVIOUS FINDING NO.5

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Industrial Relations

Finding Explanation

1.Workers are not provided a copy of the Collective Bargaining Agreement (CBA), but it is posted on prominent information bulletin boards in each working department. However, the CBA is not posted in all of the workers' languages (Burmese). 2.There are no migrant worker representatives on the Welfare/Employee and Occupational Health & Safety Committees. 3.The factory communicates general information on the Industrial Relations policy and procedures to the general workforce, but the information is not detailed.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16)

Root Causes

1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks. 2.The findings noted above have not been brought to the attention of factory management during previous external audits. 3.The factory underestimated the importance of migrant worker participation in the worker committees.

FLA's Recommendations for Sustainable Improvements

1.Provide a copy of the CBA to all workers and post a copy on the bulletin boards in all workers' languages. 2.Update the Welfare/Employee and Occupational Health & Safety Committee procedures to ensure migrant worker participation. 3.Communicate the Industrial Relations policy, procedures, and updates to the general workforce in detail.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: Based on factory management information, on site observation and worker interview, all workers are not provided a copy of the (CBA) and CBA copy is not posted in all of the workers' languages including Thai and Burmese.

Root Causes: 1. The factory is not fully aware of the requirement embodied in the FLA Workplace Code and Benchmarks. 2. The HR personnel is not aware to provide a CBA to each worker.

2. Finding Status (Not Remediated)

Explanation: Based on factory management information, documentation and worker interview, there is no migrant worker representatives on the Welfare/Employee and Occupational Health & Safety Committees.

Root Causes: 1. The factory is not fully aware of the requirement embodied in the FLA Workplace Code and Benchmarks. 2 The HR personnel is not aware to include representation of migrant workers in union committees 3 The factory underestimated the importance of migrant worker participation in the new worker committees.

3. Finding Status (Not Remediated)

Explanation: Based on factory management information, factory does not communicate the policies and procedures and their updates for the across all Employment Functions to the general workforce, including; Recruitment, Hiring & Personnel Development, Wages and Benefit, Hours of Work, Environmental Protection, Grievance System, Termination and Retrenchment, Workplace Conduct & Discipline, Industrial Relations & Freedom of Association, Health and Safety

Root Causes: The compliance team prepares the majority of the policies and procedure. There is a gap in communication between the compliance team and administration staff on different employment function.

Local Law or Code Requirement

FLA workplace Code (Employment Relationship Benchmarks ER.1, ER 16, ER 25)

Recommendations for Immediate Action

1. Facility shall provide a copy of CBA to all workers and CBA copy will be posted in all of the workers' languages including Thai and Burmese.

2. Facility shall update the Welfare/ Employee and Occupation Health and Safety Committee procedures to ensure migrant worker participation.

3. Facility shall assign responsibility for the administration of different employment. Workers at all levels are communicated with existing policies and procedures across all employment functions regularly. Any revisions of the written policies and procedures are communicated to workers at all level. In addition, the compliance team shall closely consult & communicate the policies and procedures with different stakeholders, including the administration staffs on different areas, responsible persons in all levels and incorporate their feedback on enhancing the policies and procedures on periodical basis.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will provided a copy of the (CBA) and CBA copy including Thai and Burmese to all workers.

2. The company will appoint migrant worker representatives on the Welfare/Employee and Occupational Health & Safety Committees.

3. Factory will communicate the policies and procedures and their updates for the across all Employment Functions to the general workforce, including; Recruitment, Hiring & Personnel Development, Wages and Benefit, Hours of Work, Environmental Protection, Grievance System, Termination and Retrenchment, Workplace Conduct & Discipline, Industrial Relations & Freedom of Association, Health and Safety

PREVIOUS FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. Based on worker interviews, there are concerns about not meeting production targets. According to reviewed disciplinary records, workers receive a verbal warning and a warning letter when they are not able to meet a production target. 2. In cases where there are

rush productions, workers experience verbal abuse from supervisors to push workers to meet production deadlines. 3. The factory does not have procedures on how employees can appeal disciplinary actions taken against them. 4. The Workplace Conduct & Discipline procedures do not specify the disciplinary actions that should be taken for all infractions, including the steps for disciplining supervisors who harass or abuse workers. There is also no oversight mechanism in place to ensure that management does not engage in harassment, abuse, or discrimination against employees when implementing disciplinary measures. 5. Worker representatives are not involved in the development or review of the Workplace Conduct & Discipline policies and procedures.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.25, and ER.27; Harassment or Abuse Benchmark H/A.5)

Root Causes

1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements. 2.The findings noted above have not been brought to the attention of factory management during previous external audits. 3.The factory thought that their production targets and incentive system was functioning well. 4.The factory does not monitor the relationship between workers and supervisors. 5.The factory does not monitor the implementation of disciplinary procedures.

Recommendations for Immediate Action

1.Establish clear guidelines on the calculation and setting of reasonable production targets. When workers are unable to meet targets, provide guidance and training to improve worker's productivity rather than issuing verbal and written warnings. 2.Do not use verbal abuse as a means to maintain labor discipline. Train supervisors on the disciplinary system and establish a system to discipline supervisors who harass or abuse workers. Obtain a commitment from all management level employees that they will not harass or abuse workers.

FLA's Recommendations for Sustainable Improvements

1.Establish and implement an appeal procedure so that workers can appeal disciplinary actions taken against them. Train workers on these new procedures. 2.Ensure that there is management oversight mechanism in place to avoid harassment, abuse, and discrimination against employees when implementing disciplinary measures. 3.Involve worker representatives in the development and review of all policies and procedures.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: Based on documentation and worker interview, workers do not have concerns about not meeting production target and workers did not receive warnings when they are not able to meet a production target.

2. Finding Status (Remediated)

Explanation: Based on documentation and worker interview, workers have not experienced verbal abuse from supervisors to push workers to meet production deadlines.

3. Finding Status (Not Remediated)

Explanation: Based on documentation, factory still does not have procedures on how employees can appeal disciplinary actions taken against them.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks.

4. Finding Status: (Not Remediated)

Explanation: Based on documentation, the Workplace Conduct & Discipline procedures still do not specify the disciplinary actions that should be taken for all infractions, including the steps for disciplining supervisors who harass or abuse workers. There is also no oversight mechanism in place to ensure that management does not engage in harassment, abuse, or discrimination against employees when implementing disciplinary measures.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks.

5. Finding Status (Not Remediated)

Explanation: Based on factory management information and worker interview, worker representatives are still not involved in the development or review of the Workplace Conduct & Discipline policies and procedures.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks

Local Law or Code Requirement

Recommendations for Immediate Action

1. Factory should establish the procedure on how employees can appeal disciplinary actions taken against them.
2. Factory should ensure that the Workplace Conduct & Discipline procedures specify the disciplinary actions that should be taken for all infractions, including the steps for disciplining supervisors who harass or abuse workers. There is also no oversight mechanism in place to ensure that management does not engage in harassment, abuse, or discrimination against employees when implementing disciplinary measures
3. Facility should implement a regular review process of policies, procedures across all employment function and their implementation in a consultative manner and amend when warranted. Ensure sufficient resources are being allocated to review and further develop the current policies and procedure

COMPANY ACTION PLANS

Action Plan no 1.

Description

3. Factory will set procedures on how employees can appeal disciplinary actions taken against them.
4. Factory will specify the disciplinary actions that should be taken for all infractions, including the steps for disciplining supervisors who harass or abuse workers in the Workplace Conduct & Discipline procedures.
5. Factory will appoint an employee representative involved in the development or review of the Workplace Conduct & Discipline policies and procedures.

PREVIOUS FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Grievance System

Finding Explanation

1.The factory does not involve any worker representatives in the development or review of the Grievance System policies and procedures. 2.Worker representatives are not included in the evaluation of the grievances collected. Grievances are handled solely by management. This has led workers to not trust the grievance system.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25)

Root Causes

1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements. 2.When it created the disciplinary procedure, the factory underestimated the roll of the Grievance System and the need for the participation of worker representatives. 3.The findings noted above have not been brought to the attention of factory management during previous external audits.

FLA's Recommendations for Sustainable Improvements

1.Involve worker representatives in the development and review of all policies and procedures. 2.Include worker representative in the grievance evaluation and remedy processes.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Not Remediated)

Explanation: Based on documentation and worker interview, factory still does not involve any worker representatives in the development or review of the Grievance System policies and procedures.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks

2. Finding Status (Not Remediated)

Explanation: Based on documentation and worker interview, worker representatives still are not included in the evaluation of the grievances collected. Grievances are handled solely by management. This has led workers to not trust the grievance system.

Root Causes: The members of management and compliance team are not familiar with the FLA benchmarks

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will appoint an employee representative involved in the development or review of the Grievance System policies and procedures.

2. Factory will set policy in the evaluation of the grievances.

PREVIOUS FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The sink in the maintenance shop area drains directly into the rain gutter. 2. Oil contaminated water from the air compressor pump (located behind the production building) drains directly into the rain gutter. 3. The factory blueprint does not show a drainage system, so assessors were unable to verify that contaminated wastewater is properly disposed of. For example, the blueprint does not show whether the canteen area and domestic waste water drainage system is connected to the Bangpa-In IEAT central waste system or if it drains directly into the rain gutter. The factory management assumed that all drain pipes and the rain gutter flowed to the Bangpa-In IEAT system. 4. The used oil storage area is not protected from the elements. The storage area is located outdoors in a cage-like enclosure with large gaps between the metal bars. Rainwater could easily enter the enclosure and wash any spilled oil into the storm drain. Indeed, assessors found that oil had spilled out of the oil containers onto the floor of the storage area while being transported. 5. The secondary containment for the oil containers in the storage area is not 110% of the capacity of the main storage container. 6. The factory has two electrical transformers with a total of 1,300 KVA (500 KVA and 800 KVA respectively), but an Energy Conservation Program has not been implemented as required by law.

Local Law or Code Requirement

The Industrial Estate Authority of Thailand (IEAT) Regulation no. 78/2554 on the Rules of Wastewater Discharged to the Central Treatment in Industrial Estate. Item 3 (2); The Energy Conservation Promotion ACT. B.E. 2535; The Royal Decree on Designated Factory B.E. 2540 (1997), Section 3; FLA Workplace Code (Employment Relationship ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

Root Causes

1. There is an overall lack of awareness and identification of environmental risks. 2. The factory is unaware of legal requirements. 3. There is no system for the inspection of oil storage areas, or the maintenance area, air compressor, and canteen, for potential oil-contamination. 4. The issues listed above have not been brought to the attention of factory management during previous external audits by local authorities or brands. 5. The factory lacks awareness of legal and FLA requirements on environmental protection. 6. There is an

overall lack of monitoring and implementation regarding Energy Conservation and relevant laws. 7. The factory lacks the manpower and resources to properly monitor and reduce energy consumption.

Recommendations for Immediate Action

1.Ensure that the waste from the hand washing station in the maintenance shop is discharged into the Bangpa-In Industrial Estate Authority of Thailand (IEAT) central waste system. 2.Ensure that oil-contaminated water from the Air Compressor pump is discharged into central waste of Bangpa-In IEAT. 3.Request the drainage system blueprints from Bangpa-In IEAT and confirm with Bangpa-In IEAT that no contaminated wastewater is discharged into the rain gutter. If wastewater is being discharged to the rain gutter, connect the drainage system to the Bangpa-In IEAT central waste system or install a wastewater treatment system and treat all wastewater before discharging it into the rain gutter. 4.Improve the oil storage area to prevent oil from spreading out from secondary containment, and prevent storm rain from leaching oil into the storm drain system. Create guidelines for oil transfers to ensure that oil does not spill on the floor and leach into the storm drain.

FLA's Recommendations for Sustainable Improvements

1.Update Environmental Protection policies and procedures to ensure that they comply with legal requirements and the FLA Code. 2.Promote Environmental Protection in the factory by implementing a reward and recognition system. 3.Allocate the necessary resources to the Environmental management system and clearly define the roles and responsibilities of the environmental staff. 4.Contact the department of Alternative Energy Development and Efficiency, Ministry of Energy to process all energy management system documents and implement an Energy Conservation Program in compliance with the applicable laws. 5.Ensure there is a trained staff member who can monitor and implement environmental requirements.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: Based on on-site observation, the sink in the maintenance shop area is not drained directly into the rain gutter.

2. Finding Status (Remediated)

Explanation: Based on on-site observation, oil contaminated water from the air compressor pump (located behind the production building) is not drained directly into the rain gutter.

3. Finding Status (Remediated)

Explanation: Based on on-site observation, factory blueprint clearly showed a drainage system, so assessor is able to verify that contaminated wastewater is properly disposed of.

4. Finding Status (Remediated)

Explanation: Based on on-site observation , the used oil storage area is protected from the elements and oil was not spilled out of the oil containers onto the floor of the storage area while being transported

5. Finding Status (Remediated)

Explanation: Based on on-site observation, the secondary containment for the oil containers in the storage area is 110% of the capacity of the main storage container.

6. Finding Status (Remediated)

Explanation: Based on on-site observation and documentation, an Energy Conservation Program has been implemented.

PREVIOUS FINDING NO.9

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Electrical wiring in the canteen and warehouse are spliced with plastic tape and there are no junction boxes installed to enclose wire connections and prevent fire. 2. There is an electrical plug located above the cooking area, which poses a risk of fire or electrocution, as the plug is exposed to steam, oil, heat, and flames. 3. The wire and welding handle on the electrical welding machine in the maintenance section are damaged, posing a risk of electrocution. 4. Management has not yet installed a lightning protection system in the factory, as required by the results of the third-party building inspection report conducted in 2015. 5. The factory has not implemented a lockout/tagout program. 6. The factory does not have a work permit for work at heights. 7. The factory does not have any fall protection equipment (e.g. helmets and ropes) for workers who work at heights.

Local Law or Code Requirement

Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Work Environment in Electrical Work B.E. 2558 Section 1: General, Clause 11; The Notification of MOL, B.E. 2558: OHSE Standard for Electrical System, Clause 3, Item 20; Ministerial Regulation (MOL) on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Work Environment in Electrical Work B.E. 2558, Section 2: Electrical device and transformer, Clause 15; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.7, HSE.13, and HSE.14)

Root Causes

1. These issues have not been brought to the attention of factory management during external audits by brands or local authorities.
2. The factory lacks awareness of the FLA Workplace Code and Benchmarks. 3. There is a lack of Health & Safety monitoring. 4. There is a lack of skilled resources to monitor Health & Safety.

Recommendations for Immediate Action

1. Ensure that all electrical wiring connections conform to TISI / IEC standards, such as the electrical junction box wiring. 2. Relocate the electrical plug in the canteen away from any sources of steam, oil mist, heat, or flames. 3. Replace the wires and welding handles on the electrical welding machine in the maintenance section. 4. Management representatives should check to verify the existence of lightning rods at the buildings located around the factory and the protection radius of these lightning rods. If the factory building falls into the protection radius of any lightning rod, then there is no need to install a lightning rod. Otherwise, install a lightning protection system. 5. Establish a lockout/tagout program. 6. Obtain a work permit for working at heights. Provide a specific check sheet and approval authority for working at heights. 7. Provide relevant workers with the appropriate PPE for work at heights, including helmets and ropes.

VERIFICATION RESULT

Finding Status

Partially Remediated

Remediation Details

1. Finding Status (Partially Remediated)

Explanation: Based on on-site observation, there were improper repaired (tap fixed) for electrical socket in canteen.

Root Causes: 1. The factory lacks awareness of the FLA Workplace Code and Benchmarks. 2. There is a lack of Health & Safety monitoring.
3. There is a lack of skilled resources to monitor Health & Safety.

2. Finding Status (Remediated)

Explanation: Based on on-site observation, the electrical plug is located properly which is not above the cooking area.

3. Finding Status (Remediated)

Explanation: Based on on-site observation, the wire and welding handle on the electrical welding machine in the maintenance section are maintained properly and without damaged.

4. Finding Status (Remediated)

Explanation: Based on on-site observation, management has installed a lightning protection system in the factory and factory has provided an updated third-party building inspection report.

5. Finding Status (Remediated)

Explanation: Based on on-site observation and documentation, factory has implemented a lockout/tagout program.

6. Finding Status (Remediated)

Explanation: Based on on-site observation and documentation, factory has got a work permit for work at heights.

7. Finding Status (Remediated)

Explanation: Based on on-site observation, factory have provided fall protection equipment (e.g. helmets and ropes) for workers who work at heights.

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) (Section 6) FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1 and HSE.14)

Recommendations for Immediate Action

1. Ensure that the electrical socket in the canteen is properly repaired.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Tap fixed for electrical socket in canteen

PREVIOUS FINDING NO.10

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.The factory does not have an emergency plan, hazard identification, or procedures for the prevention of Health & Safety issues such as food poisoning and poor hygiene. As a result, the canteen floor and the dishwashing area behind the food vendor are not clean, and there are flies in the canteen. 2.The factory does not provide canteen staff with training on food safety and hygiene. 3.Workers each have their own cup, but if they forget their own cups, they share an extra cup provided at the water cooler in the canteen area. 4.The canteen does not keep food samples to protect against food poisoning and illness.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.19, HSE.22, and HSE.23)

Root Causes

1.These issues have not been brought to the attention of the factory management during previous audits by local authorities and brands. 2.Management lacks awareness of the FLA Workplace Code and Benchmarks. 3.There is a lack of Health & Safety monitoring due to a lack of resources.

Recommendations for Immediate Action

1.Identify hazards in the canteen that increase the risk of food poisoning and other hygiene issues. Create and implement procedures for the prevention of these issues, such as a thorough initial cleaning of the canteen, a cleaning plan for canteen workers, swab testing, preparation of the refrigeration system to keep food, and regular inspections by the Canteen Committee. 2.Train canteen staff on food safety and hygiene. 3.Provide individual cups for drinking water in the canteen area.

VERIFICATION RESULT

Finding Status

Not Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: Based on documentation, factory has an emergency plan, hazard identification, or procedures for the prevention of Health & Safety issues such as food poisoning and poor hygiene.

Root Causes: N/A

2. Finding Status (Remediated)

Explanation: Based on documentation and interview with the canteen staff, factory has provided canteen staff with training on food safety and hygiene.

Root Causes: N/A

3. Finding Status (Remediated)

Explanation: Based on on-site observation and worker interview, no shared cup was found.

Root Causes: N/A

4. Finding Status (Not Remediated)

Explanation: Per factory management information and on site observation, factory does not keep food samples to protect against food poisoning and illness

Root Causes: 1. Management lacks awareness of the FLA Workplace Code and Benchmarks. 2. There is a lack of Health & Safety monitoring due to a lack of resources.

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) (Section 6)FLA Workplace Code (Health, Safety, and Environment Benchmark HSE 1 and HSE 22)

Recommendations for Immediate Action

1. Ensures the canteen keep food samples in case of cases of food poisoning and illness.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Factory does keep food samples to protect against food poisoning and illness

PREVIOUS FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1.The mezzanine floors of warehouse are made of wood instead of a fireproof material. 2.The storage shelf and refrigerator in the canteen are placed on top of a cracked and uneven floor. This poses a risk of the shelf or refrigerator falling over. 3.There is no engineering inspection report of the load test for mezzanine floors, storage shelves, or racks to ensure that they have an adequate load capacity for their current usage in the warehouse. 4.The roof in the canteen is not in good condition and is leaking. There is some corrosion on the rain gutter. As a result, water drains into the working areas in the canteen and can cause the floor to be slippery. 5.The wheels of the metal factory gate are very small and can barely support the heavy load of the gate. This poses a serious safety risk as the gate could fall and injure someone.

Local Law or Code Requirement

Ministerial Regulation (MOL): Fire Protection and Fire Fighting in Factory B.E. 2552 Section 6. FLA Workplace Code (Employment Relationship ER.2 and ER.31; Health, Safety & Environment Benchmark HSE.1, HSE.4, and HSE.22)

Root Causes

1.The factory has not identified the applicable laws and other requirements related to the mezzanine floors, building structural safety, storage shelves/racks, etc. 2.The factory did not identify the following hazards: the fire risk posed by the mezzanine floors, the unsafe condition of the building structure (the floor and roof), or the overloaded storage shelves/racks. The factory has not conducted a risk assessment regarding these issues or developed an internal inspection plan.

Recommendations for Immediate Action

1.Replace the mezzanine floor with a fireproof material. 2.Repair or replace the flooring underneath the storage shelf and refrigerator to ensure that they will not fall or collapse. 3.Obtain an engineering inspection and report on the load capacity of the mezzanine floors, storage shelves, and racks. Ensure that current usage does not exceed the maximum load capacity. Post load capacity signs on the racks in the warehouse areas. 4.Repair the unsafe roof and rain gutter on the roof of the canteen. 5.Replace the wheels on the factory gate to ensure that the heavy gate does not collapse and injure employees.

VERIFICATION RESULT

Finding Status

Remediated

Remediation Details

1. Finding Status (Remediated)

Explanation: Based on on-site observation, the mezzanine floors of warehouse is made of fireproof material.

2. Finding Status (Remediated)

Explanation: Based on on-site observation, the storage shelf and refrigerator in the canteen are placed on a proper floor and location.

3. Finding Status (Remediated)

Explanation: Based on documentation, there is engineering inspection report of the load test for mezzanine floors, storage shelves, or racks to ensure that they have an adequate load capacity for their current usage in the warehouse.

4. Finding Status (Remediated)

Explanation: Based on on-site observation, the roof in the canteen is in good condition and without leaks.

5. Finding Status (Remediated)

Explanation: Based on on-site observation, the wheels of the metal factory gate is in sufficient size to support the heavy load of the gate.

New Findings and Action Plans

NEW FINDING NO.1

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The written policies on Wages & Benefits lack several elements, including: a statement that the policy applies to all levels and positions, a commitment to non-discrimination (equal pay for work of equal value) and written guidelines on a special wage and benefits structure for special categories of employees.

2. The written policies on Hours of Work lack several elements, including: a commitment to proper capacity planning with regards to the local legal limits on working hours, a commitment to nondiscrimination, a statement that the policy applies to all levels and positions within the factory, and a commitment to transparency. The procedures on Hours of Work lack several elements, including: proper guidance on managing unusual business circumstances, criteria to determine how much overtime is allowed, and steps for workers to file complaints regarding forced overtime.

3. The factory has a policy on Freedom of Association (FOA) but not on Industrial Relations. The Freedom of Association policy does not include the right of workers to participate in strikes and a commitment to worker and management communication that enables workers to consult with and provide input to management. The procedures on Industrial Relations & Freedom of Association lack several elements, including: a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management, a mechanism that allows workers to report FOA-related issues confidentially, steps for preventing anti-union violence, steps for preventing any union discrimination, guidance regarding situations when authorities should be notified or involved, general rules for conducting a dispute settlement, the steps for notifying the workforce of the outcome of a dispute settlement process, and a commitment to non-obstruction and non-retaliation.

4. The policy on Workplace Conduct & Discipline lack several elements, including: a commitment to respect the FLA code, a statement that the policy is applicable to all levels and positions within the factory, protection and consideration for special categories of employees, a commitment to transparent and consistent disciplinary practices, a commitment to non-discrimination and fairness. The procedures on Workplace Conduct & Discipline lack several elements, including: the procedure for employees to appeal disciplinary actions taken against them, steps for a progressive and the requirement to record all warnings and disciplinary actions, and filing requirements.

5. The written policy on Grievance System lack several elements, including: A statement that the policy applies to all levels and positions within the factory and commitment to transparency, fair treatment and non-discrimination. The written procedures on Grievance System do not include detailed steps and mechanism(s) of communicating the grievance procedure and its updates to employees and prohibition of retaliation against employees who lodge complaints or grievances

6. The written policy on Environmental Protection lack several elements, including: a statement of the factory management's general support of energy and water efficiency and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks. The written procedures on Environmental Protection does not include how enable workers to raise environmental concerns.

7. The written policy on Health & Safety lacks several elements, including: a statement of factory management's commitment to fire safety and emergency preparedness and protection for special categories of employees. The procedures on Health & Safety lack several elements, including: measures to protect the reproductive health of employees through minimizing exposure to workplace hazards, steps on how to ensure that all special categories of workers in childcare facilities safely evacuated and a list of job descriptions or positions requiring the use of PPE. In addition, the factory does not have proper procedures or information on ergonomics, thermal comfort conditions, traffic, and vehicle safety, compressed gas cylinders safety, hot work, health and safety of external Contractors/Service Providers, food/water safety , protections for special categories of employees and information of dormitory management.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER 14, EF 19, ER 25, ER 27, ER.28, ER.31, ER 32; Compensation C.4, Hours of Work HOW.4; Freedom of Association and Collective Bargaining FOA 1; Health, Safety, & Environment Benchmarks HSE.1 and HSE.5)

Root Causes

The members of management and compliance team are not familiar with the FLA benchmarks.

Recommendations for Immediate Action

1. Establish comprehensive policies and procedure across different employment functions and incorporated the respect of FLA code and prevailing law, i.e., Personal development policies & procedures shall be in place. Hiring and recruitment policies shall include necessary element.
2. Hours of Work policies shall include special wage and benefits structure for special categories of employees and the hours of work policies shall include with regards to the local legal limits on working hours and the procedure of dealing with unusual business circumstance shall be in place;
3. The written policy of Industrial Relationship shall be established and the comprehensive procedure of freedom of association& industrial relationship shall be available.
4. The written policies of Workplace Conduct & Discipline shall cover all necessary elements, including the commitment to transparent and consistent practice, non-discrimination and fairness.
5. The written policies of Grievance system shall cover all necessary elements, including the commitment to transparency, fair treatment and non-discrimination. shall be enhanced with mechanisms to communicate with employees and the procedure of recording all grievance and related information shall be in place and the procedure of prohibition of retaliation against employees who lodge complaints or grievances.
6. Environmental procedures shall include the policy and procedure of allowing workers raise their concern and factory management's general support of energy and water efficiency
7. Health and Safety procedure shall consist of commitment to fire safety and emergency preparedness and guidance on various health and safety aspects.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The Factory written policies on Wages & Benefits , including: a statement that the policy applies to all levels and positions, a commitment to non-discrimination (equal pay for work of equal value) and written guidelines on a special wage and benefits structure for special categories of employees.
2. The Factory written policies on Hours of Work , including: a commitment to proper capacity planning with regards to the local legal limits on working hours, a commitment to nondiscrimination, a statement that the policy applies to all levels and positions within the factory, and a commitment to transparency. The procedures on Hours of Work lack several elements, including: proper guidance on managing unusual business circumstances, criteria to determine how much overtime is allowed, and steps for workers to file complaints regarding forced overtime.
3. The Factory written policy on Freedom of Association (FOA) and Industrial Relations. The Freedom of Association policy include the right of workers to participate in strikes and a commitment to worker and management communication that enables workers to consult with and provide input to management. The procedures on Industrial Relations & Freedom of Association lack several

elements, including: a clear and transparent system of worker and management communication that enables workers to consult with and provide input to management, a mechanism that allows workers to report FOA-related issues confidentially, steps for preventing anti-union violence, steps for preventing any union discrimination, guidance regarding situations when authorities should be notified or involved, general rules for conducting a dispute settlement, the steps for notifying the workforce of the outcome of a dispute settlement process, and a commitment to non-obstruction and non-retaliation.

4. The Factory written policy on Workplace Conduct & Discipline , including: a commitment to respect the FLA code, a statement that the policy is applicable to all levels and positions within the factory, protection and consideration for special categories of employees, a commitment to transparent and consistent disciplinary practices, a commitment to non-discrimination and fairness. The procedures on Workplace Conduct & Discipline , including: the procedure for employees to appeal disciplinary actions taken against them, steps for a progressive and the requirement to record all warnings and disciplinary actions, and filing requirements.

5. The Factory written policy on Grievance System, including: A statement that the policy applies to all levels and positions within the factory and commitment to transparency, fair treatment and non-discrimination. The written procedures on Grievance System include detailed steps and mechanism(s) of communicating the grievance procedure and its updates to employees and prohibition of retaliation against employees who lodge complaints or grievances

6. The Factory written policy on Environmental Protection , including: a statement of the factory management's general support of energy and water efficiency and a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks. The written procedures on Environmental Protection does include how enable workers to raise environmental concerns

7. The Factory written policy on Health & Safety, including: a statement of factory management's commitment to fire safety and emergency preparedness and protection for special categories of employees. The procedures on Health & Safety lack several elements, including: measures to protect the reproductive health of employees through minimizing exposure to workplace hazards, steps on how to ensure that all special categories of workers in childcare facilities safely evacuated and a list of job descriptions or positions requiring the use of PPE. In addition, the factory does have proper procedures or information on ergonomics, thermal comfort conditions, traffic, and vehicle safety, compressed gas cylinders safety, hot work, health and safety of external Contractors/Service Providers, food/water safety, protections for employees.

Planned completion date
08/17/18

NEW FINDING NO.2

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. Factory does not communicate its health and safety program to any migrant workers, or other workers who may speak other languages and come from other cultures.
2. Factory does not communicate the workplaces rules and regulations and their possible update to their general workforce.

Local Law or Code Requirement

FLA workplace Code (Employment Relationship Benchmarks ER.1, ER 16, ER 25)

Root Causes

The compliance team prepares the majority of the policies and procedure. There is a gap in communication between the compliance team and administration staff on different employment function.

FLA's Recommendations for Sustainable Improvements

1. Facility shall assign responsibility for the administration of different employment. Workers at all levels should be communicated the existing policies and procedures across all employment functions regularly. Any revisions of the written policies and procedures are communicated to workers at all levels. In addition, the compliance team shall closely consult & communicate the policies and procedures with different stakeholders, including the administration staff on different areas, responsible persons in all levels and incorporate their

feedback on enhancing the policies and procedures on periodical basis.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. <!--[endif]-->Factory does communicate its health and safety program to any migrant workers, or other workers who may speak other languages and come from other cultures.
2. Factory does communicate the workplaces rules and regulations and their possible update to their general workforce.

Planned completion date

08/17/18

NEW FINDING NO.3

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. Factory does not conduct training to all employees regarding PPE usage and maintenance.
2. Factory does not conduct health and safety training to employees who are living in dormitory.
3. Factory does not conduct health and safety or hygiene training to employees who work in the canteen.

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) (Section 16) FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15, ER.27)

Root Causes

1. The factory management and compliance personnel are not familiar with the FLA benchmarks.
2. The factory lacks the manpower and resources to provide on-going training. There is no formal train-the-trainer program in place.
3. The factory has busy production schedules.

FLA's Recommendations for Sustainable Improvements

1. Factory shall set up a proper training plan and deploy relevant resources to provide regular specific trainings to for supervisors on all employment functions.
2. Factory shall provide ongoing training on workplace standards/ code of conduct.
3. Factory shall provide training to all employees about the usage of PPE, employees who are living in dormitory and hygiene training to employees who are working in the canteen.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory does conduct training to all employees regarding PPE usage and maintenance.
2. Factory does conduct health and safety training to employees who are living in dormitory.
3. Factory does conduct health and safety or hygiene training to employees who work in the canteen.

NEW FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. None of the chemicals are properly provided with secondary containment, MSDS and label, such as at the chemicals in the storage area near the maintenance section

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011), Section 6; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1 and HSE.9)

Root Causes

1. The Health and & Safety committee does not conduct effective risk assessments and regular inspections on the condition of environmental protection and chemical storage. 2. The members of health and safety committee and the management staffs are not aware of the FLA benchmarks on Health and Safety.

Recommendations for Immediate Action

1. Adopt practices and controls to ensure that effective secondary containment are available for chemicals. 2. Store all chemicals in proper areas with the necessary risk assessment and storage precautions. 3. Ensure that MSDS in the local language are available.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The chemicals are properly provided with secondary containment, MSDS and label, such as at the chemicals in the storage area

Planned completion date

08/17/18

NEW FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. One packing aisles is blocked.
2. One fire exit at packing section is locked.
3. There is no emergency light and exit sign installed at one fire exit in packing section. Meanwhile, the emergency light installed at one fire exit in molding section is not illuminated.
4. First aid box symbol is not marked in all evacuation maps
5. According to the factory management, the recruitment agency recommended three apartments to the migrant workers (Burmese) per follow address which is around 15-20 minutes from factory. Per factory information, the living quarters are not owned by the factory. The assessors conducted a simple factory tour on the living quarters and found that there is no fire alarm notification system, no fire extinguishers, no evacuation map, no emergency lights or exits installed at the dormitory. One of the fire exits in Apartment One located at the front block of the apartments, has been locked and no fire drill training has been provided to the workers who are living in these living quarters.

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011), Section 6;
FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE.5 and HSE.25)

Root Causes

1. The Health and & Safety committee does not conduct effective and regular inspections about the potential risks for fire/emergencies
2. The factory does not provide sufficient training to the relevant Health and Safety personnel on identifying potential risks for fire/emergencies.
3. The HR personnel does not aware to monitor the fire safety situation of the dormitory even though it is not owned by them

Recommendations for Immediate Action

1. Ensures all aisles will not be blocked.
2. Ensures all fire exits will not be locked.
3. Install the emergency light and exit at all fire exits and all fire exits are illuminated.
4. Ensures the first aid box symbol is marked in all evacuation maps.
5. Ensures to install all firefighting equipment in dormitory and all fire exits will not be locked. Also, ensure to provide fire drill training to the workers who are living in the living quarters even though the living quarters is not directly owned by factory.
6. Ensures that fire drill training will be provided to workers who are living in living quarters.

COMPANY ACTION PLANS

Action Plan no 1.

Description

- 1.The Health and & Safety committee to does conduct effective and regular inspections about the potential risks for fire/emergencies
2. The factory does provide sufficient training to the relevant Health and Safety personnel on identifying potential risks for

fire/emergencies.

3. Factory will the first aid box symbol is marked in all evacuation maps
4. The factory has ensures that all aisles will not be blocked.
5. The factory has ensures that fire exits will not be locked.
6. The factory has install the emergency light and exit at all fire exits in packing section and all fire exits are illuminated

Planned completion date
08/17/18

NEW FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. No proper fire alarm notification system, eyewash facilities and showers at the chemical storage area near the maintenance section.
2. Maximum loading sign is not posted in mezzanine floors at the fabric warehouse.
3. Carton box is stacked too high and not stored properly, especially near the cutting area and accessory storage area which creates the risk of falling down and hurting the workers.
4. Risk assessment is missing in the canteen and dormitory.

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011) (Section 32 and Section 19); FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE.5 and HSE.14)

Root Causes

1. The Health and & Safety committee does not conduct effective and regular inspections of the fire-fighting equipment and the chemical storage area.
2. The factory does not provide sufficient training to the relevant Health and Safety personnel on identifying potential risks for fire, emergencies and proper storage of carton box.
3. The Health and Safety personnel does not aware maximum loading sign should be posted in mezzanine floors at fabric warehouse.
4. The Health and Safety committee is not aware that the canteen and dormitory area needs to be included in the risk assessment.

Recommendations for Immediate Action

<!--[endif]-->Ensure the fire alarm notification system and fire extinguishers are installed in the chemical storage area.

<!--[endif]-->Ensure the maximum loading sign is posted in mezzanine floors at the fabric warehouse.

<!--[endif]-->Ensure the carton box is stacked properly no higher than two meters.

<!--[endif]-->Ensure the risk assessment covers all areas including canteen.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory does will fire alarm notification system, eyewash facilities and showers at the chemical storage area near the maintenance section.
2. Factory will Maximum loading sign is posted in mezzanine floors at the fabric warehouse.
3. The Health and Safety personnel does aware maximum loading sign should be posted in mezzanine floors at fabric warehouse.
4. Factory will the risk assessment covers all areas including canteen

Planned completion date

08/17/18

NEW FINDING NO.7

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. Factory does not establish a better system to monitor the compliance status of the subcontractor, such as security guards. Currently, factory is using 1 outsourced security service provider company, Rasakwamplodpai Sumarthal Co Ltd for 4 security guards. Their payment is settled by the security company service provider but its payment record is not kept by the company. Factory only keep the contract between factory and the outsourced security company and also the attendance record of all those 4 outsourced security guards. ER 22, C1, C2, C5 & C7
2. Factory does not establish a better system to monitor the sufficient 20 minutes' break provided to workers where there is overtime work for more than two continuous hours.

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.14, ER.19, ER.25, ER.27, ER.28, ER.31, ER 32; Compensation C.4, Hours of Work HOW.4; Freedom of Association and Collective Bargaining FOA 1; Health, Safety, & Environment Benchmarks HSE.1)

Root Causes

1. Factory does not understand the FLA requirement that the payroll of all outsourced security guard should be kept and monitored by the factory.
2. The HR personnel does not aware the 20 minutes' break should be provided to workers where the overtime work for more than 2 hours continuously.

Recommendations for Immediate Action

1. Adopt practices and controls to ensure that the Health and Safety committee conduct effective risk assessments and regular inspections on the condition of environmental protection and chemical storage.
2. Ensures that training will be provided to all Health and Safety committee and management staffs on FLA benchmarks on Health and Safety.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory have request payroll of all outsourced to be kept and monitored by factory
2. Factory has arranged 20 minutes break to all workers that work overtime more than 2 hours continuous

Planned completion date

08/17/18

NEW FINDING NO.8

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. All new workers need to pay the health check fee of THB 200 (USD 6) when hired by the factory.
2. Around 80% of workers did not receive a copy of their contract and the factory's regulation handbook that includes the workplace conduct .

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.6 and ER.16)

Root Causes

<!--[endif]-->Lack of monitoring of all recruitment agency.

<!--[endif]-->The HR personnel does not aware the health check fee should be settled by factory.

<!--[endif]-->The HR personnel did not regular check if all workers have received the contract copy.

Recommendations for Immediate Action

1. Ensures the health check fee associated with the employment of workers be the sole responsibility of the employers.
2. Ensures all workers receive a copy of their contract and the factory's regulation handbook.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory make a copy of contract to all workers.
2. Factory give copy of contract and handbook to all new workers during orientation.
3. For all new workers factory has paid the health check fee of THB 200 when hired by the factory.