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## INDEPENDENT EXTERNAL ASSESSMENT REPORT



COMPANIES: Peter Millar LLC  
COUNTRY: Thailand  
ASSESSMENT DATE: 12/29/17  
ASSESSOR: FLA China  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 1306

## 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.

## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Policies & Procedures (Macro)

##### Finding Explanation

1. The human resource policy does not cover all aspects of recruitment, hiring and personnel development. There are no written policies or procedures regarding 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 workers in writing, and that follow all local legal requirements. The procedures of the selection are not updated. ER.1, ER.28, ER.29, ER.30
2. The factory has not established a written policy on Workplace Conduct & Discipline. The supervisors who impose the disciplinary procedures and workers are not well informed of the procedures. ER. 27
3. The factory does not have written policies or procedures on retrenchment. However, the factory does have procedures for managing termination available in the factory's rules and regulations. ER.1 ER.32
4. The employer does not have policies in place to manage working hours, overtime, and leave records in both normal and exceptional circumstances. ER 23.1
5. Even though some documents and systems exist, such as instructions on how to use the suggestion box, the factory does not have a policy on grievances. ER.25
6. The factory's health and safety procedures do not include the following information: ER.31 HSE.5 HSE.12
  - a. An emergency plan, including a list of staff responsible for coordinating the evacuation process, and steps to ensure that pregnant workers, disabled workers, contractors, and visitors are evacuated safely in the event of an emergency;
  - b. Procedures for the prevention of occupational diseases, including measures to protect the reproductive health of workers through minimizing exposure to workplace hazards;
  - c. Procedures on hygiene and sanitation to prevent food poisoning.
  - d. A list of equipment and/or machines that require lockout-tagout as well as the lockout-tagout devices is still missing.
  - e. A periodic visual control procedure of asbestos containing roofing materials. HSE.9

##### Local Law or Code Requirement

The Ministerial Regulation Re: Prescribing A Safety, Occupational Sanitation and Working Environment Management Standard B.E.2549, Clause 5; The Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment Relating to Protection and Prevention of Fire B.E. 2012, Clause 30; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.9, HSE.12, and HSE.19; Employment Relationships Benchmarks ER.1, ER.23.1, ER.25, ER.27, ER.28, ER.29, ER.30, and ER.31)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Review of all aspects of human resource policy by human resource department to ensure that all workers can participate in policy.
2. Educate all supervisors with improved policy that follow all local legal requirements and customer code of conduct.

### Action Plan no 2.

#### Description

3. HR department to arrange written policy and procedures for supervisor's training.
4. Supervisors to communicate all policies and procedures to workers in the department.
5. Review all procedures in October of every year.

## FINDING NO.2

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Training (Macro)

#### Finding Explanation

1. The factory's orientation training to new workers does not include policy for industrial relations including respect of the right to freedom of association. ER. 15.1
2. Workers are not provided with training materials or documentation that substantiates all issues covered in orientation, including the FLA Workplace Code and Benchmarks. ER.15.3
3. The factory does not provide specific or ongoing training to supervisors or workers on the following Employment Functions: Recruitment, Hiring & Personnel Development, Compensation, Hours of Work, Termination & Retrenchment, Industrial Relations, Workplace Conduct & Discipline, Grievance System, and Environmental Protection. ER.1 ER.17, ER.25, ER.27
4. The factory does not conduct regular EHS training to the relevant workers on the following topics:
  - a. Chemical Safety, last training was conducted for five workers who handling the chemical in washing and cleaning sections on January 16, 2015. HSE.9.2
  - b. The forklift drivers were not provided the annual or refresh training on safety driving forklift, last training was conducted on July 24, 2013. HSE.14
  - c. The maintenance team has not received training on how to work in confined spaces.
5. The factory does not communicate or provide training to workers on the grievance procedures and applicable rules. ER. 25

#### Local Law or Code Requirement

The Ministerial Regulation on setting standards for management and implementation of occupational health and safety in the work environment with dangerous chemicals BE 2556 Article 34; The Ministerial regulations Standards for the management of occupational health and safety management and Environment and working with machinery , crane and boiler BE 2552 Section 38; FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.15.1, ER.15.3, ER.17, ER.25, and ER.27; Health, Safety & Environment Benchmarks HSE.9.2 and HSE.14)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

1. Chemical handling and Forklift safety training was conducted
2. Appropriate health and safety training was also completed

## FINDING NO.3

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Communication & Worker Involvement (Macro)

##### Finding Explanation

1. The factory does not properly or effectively communicate the policies, procedures, and their updates to the general workforce for all Employment Functions. ER.1, ER.16, ER.25, ER.29, ER.30, ER.32

2. There is no worker involvement component for any of the Employment Functions. This indicates that the factory has not established procedures to request and/or receive workers' input/feedback regarding the creation, implementation, and updating of its policies and procedures. Workers are neither systematically integrated nor consulted in decision-making processes. ER.1, ER.25

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.29, ER.30, and ER.32)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

1. Review of all aspects of human resource policy by human resource department to ensure that all workers can participate in policy.
2. Educate all supervisors with improved policy that follow all local legal requirements and customer code of conduct.

#### Action Plan no 2.

##### Description

3. HR department to arrange written policy and procedures for supervisor's training.
4. Supervisors to communicate all policies and procedures to workers in the department.
5. Review all procedures in October of every year.

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Review Process (Macro)

##### Finding Explanation

Since the factory does not have policies and procedures on retrenchment or a policy on termination, there is no periodic review. ER.1.3

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Review and evaluate the size of organization every year based on performance and assign a responsible person on termination and retrenchment policies.

## FINDING NO.5

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Responsibility & Accountability (Macro)

##### Finding Explanation

The factory has not clearly defined in writing the person responsible for termination and retrenchment. ER.1

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.1)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

Review and evaluate the size of organization every year based on performance and assign a responsible person on termination and retrenchment policies.

## FINDING NO.6

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

The probation period is 119 days, which is not in line with the FLA Workplace Code. C.3

##### Local Law or Code Requirement

FLA Workplace Code (Compensation Benchmark C.3)

### COMPANY ACTION PLANS

#### Action Plan no 1.

##### Description

The factory has reduced the probation period to 90 days to follow FLA guidelines.

## FINDING NO.7

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Hours of Work

##### Finding Explanation

The factory does not have a system to identify pregnant and lactating women.

##### Local Law or Code Requirement

FLA Workplace Code (Hours of Work Benchmark HOW.5)

##### Recommendations for Immediate Action

Identify pregnant and lactating women concerning working hours.

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

The factory sent the attached images to document identifying pregnant and lactating workers.

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Compensation

##### Finding Explanation

1. The factory does not have a system through which workers can dispute compensation and receive clarifications in this respect in a timely manner and be protected in case he/she alleges violations of compensation laws, regulations, or policies. C.19
2. The factory does not correctly calculate compensation for unused vacation leave for workers who resign within the first year of service. ER.19, ER. 22, HOW.11, C.4
3. Based on interviews, some workers believe that they are required to present a medical certificate to get paid in the event that they take sick leave for one day. Some workers confirmed their superiors would not approve one day of sick leave without a medical certificate. However, the company's procedures and rules clearly state that a medical certificate is needed only when workers take more than three days of sick leave. HOW.17
4. The factory does not correctly calculate compensate workers for their unused annual leave if they resign within the 1st year of service. ER.19, ER. 22, HOW. 11

##### Local Law or Code Requirement

The Labor Protection Act B.E. 2541, Section 30; FLA Workplace Code (Employment Relationship Benchmarks ER.19 and ER.22; Compensation Benchmarks C4 and C.19; Hours of Work Benchmarks HOW.11 and HOW.17)

##### Recommendations for Immediate Action

1. Provide payment for unused annual leave to employees who resign within the first year of service.
2. Communicate the correct sick leave policy to all workers and ensure one-day sick leave does not require a medical certificate according to factory's policy and procedure.

## COMPANY ACTION PLANS

Action Plan no 1.

### Description

Explain to all workers the number of days needed for medical certificate

## FINDING NO.9

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. The employers do not inform workers that any form of harassment or abuse in the workplace shall be subject to disciplinary measures. Nor, based on review of disciplinary records, were there any disciplinary actions taken by the factory for harassment or abuse despite

some interviewed workers having been scolded by their supervisors. ER.16.1.1, H/A.5

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.16.1.1, Harassment & Abuse Benchmark H/A.5)

## COMPANY ACTION PLANS

Action Plan no 1.

Description

The factory states that new workers will be informed about the harassment and abuse policies which can be found on the intranet system or policy board.

### FINDING NO.10

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

Finding Explanation

1. The factory does not have a dialogue mechanism with workers. ER.25

2. The factory management does not provide any office space or other facilities for the Welfare Committee (the worker representative committee). FOA.15

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25; Freedom of Association Benchmark FOA.15)

## COMPANY ACTION PLANS

Action Plan no 1.

Description

Setup activities that allow workers to give input.

- Meeting with the director every quarter
- Morning talk every week
- Surveys on worker satisfaction

### FINDING NO.11

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Grievance System

Finding Explanation

The workers are informed about the suggestion box to voice grievances. However, there has not been a worker complaint raised through the suggestion box in the past few years. Furthermore, there is no evidence to show that management reviews complaints and grievances and then takes appropriate action. ER.25

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.25)

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Arrange for more channels that the workers can use to raise grievances such as mail, suggestion box, email, questionnaires through welfare committee.

## FINDING NO.12

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. The factory has not commissioned a third-party expert to conduct a fire risk assessment. The factory has only conducted an internal fire risk assessment, which was done by an internal safety officer. HSE.5, HSE.1

#### Local Law or Code Requirement

FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1 and HSE.5)

#### Recommendations for Immediate Action

1. Commission a third-party expert to conduct a fire risk assessment.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Commission a third-party expert to conduct a fire risk assessment

## FINDING NO.13

## IMMEDIATE ACTION REQUIRED

### FINDING TYPE: Health & Safety

#### Finding Explanation

1. There are a number of confined spaces in the factory, such as underground and above water tanks, that are not appropriately labeled with warning signs. Also, the factory has not provided the appropriate rescue equipment for confined spaces. HSE.6.1, HSE.13, HSE 14.1
2. The factory does not properly implement a Lockout-Tagout (LOTO) program and devices by locking out equipment when needed. HSE 14.
3. The factory has not conducted the legally required annual inspection of the two air compressors and the four to five receiver tanks. HSE.1, HSE.4
4. The factory has not posted signs indicating the weight limits on the shelves in the accessory, material, and finished goods warehouse department. HSE.14
5. The area with asbestos containing roofing material does not have warning signs indicating as such and its hazards. HSE.9

#### Local Law or Code Requirement

The Ministerial Regulation Re: Standard, and management of occupational safety and health, the working environment in the confined space, 2004, The Ministerial regulation Re : Criteria on administration and management of occupational health & safety and working environment condition related to machinery, crane and boiler B.E. 2552, Section 94; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.6.1, HSE.9, HSE.13, and HSE 14.1)

#### Recommendations for Immediate Action

1. Identify all confined spaces in the factory with the appropriate warning signs. Ensure that the appropriate rescue equipment is available in case of emergency.



2. Install warning signs for the hazardous waste area that has asbestos containing roofing material.

## COMPANY ACTION PLANS

### Action Plan no 1.

#### Description

Labeled confined spaces with warning signs

#### Company Action Plan Update

Picture of warning signs

### Action Plan no 2.

#### Description

Add warning signs for areas with roofing material containing asbestos

#### Company Action Plan Update

Pictures showing warning signs added given