



COMPANIES: Fast Retailing Co., Ltd.

COUNTRY: Thailand

ASSESSMENT DATE: 07/18/18

ASSESSOR: Social Compliance Services Asia

PRODUCTS: Apparel

NUMBER OF WORKERS: 1397

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

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. Missing gender sign at one of the male and female toilet at accessory warehouse which is located at the ground floor of one 7-storey building. [HSE.20]
2. The canteen does not keep food samples to protect against food poisoning and illness. [HSE.22]
3. Broken ceiling was found in accessory storage area. This poses a safety risk as the ceiling could fall and injure someone. [HSE.1]
4. No signs indicating for all confined space. [HSE.14]

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.14, HSE.20 and HSE.22)

Recommendations for Immediate Action

1. Ensures proper gender signs are installed at each male and female toilet.
2. Repair the broken ceiling to avoid the ceiling falling down and injuring someone.

COMPANY ACTION PLANS

Action Plan no 1.

Description

All findings are completed.

Company Action Plan Update

1. Per factory walk-through, factory already post gender sign at male& female toilet in accessory warehouse at ground floor of 1-7 storey building.
2. Per factory walk through, factory already kept food sample at clinic room with 24 hours to protect against food poisoning and illness.
3. Per factory walk through, factory already fixed the broken ceiling at accessory storage area.
4. Per factory walk through, factory already marked sign indicating for confine space.

FINDING NO.2

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. No proper fire alarm notification system and fire extinguishers at the chemical storage area. [HSE.1, HSE.5]
2. No asbestos exposure assessment is conducted by factory. [HSE.4, HSE.9, HSE 11]
3. The mezzanine floors of accessory warehouse is made of wood instead of a fireproof material. Meanwhile, there is no engineering inspection report of the load test for mezzanine floors to ensure that they have an adequate load capacity for their current usage in the warehouse. [HSE.4]

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011), Section 6 and Section 19; FLA Workplace Code (Health, Safety, and Environment Benchmark, HSE 1, HSE.4, HSE.5, HSE.9 and HSE 11)

Recommendations for Immediate Action

1. Ensures the fire alarm notification system and fire extinguishers are installed at the chemical storage area.
2. Carry out the asbestos exposure assessment at the factory.
3. Ensure the mezzanine floors of accessory warehouse is made of a fireproof material and conduct the loading weight assessment for the mezzanine that is used as the accessory warehouse. The loading weight must be posted at the Mezzanine.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Per factory walk through, factory already equipped fire extinguisher and fire ball at chemical storage area. But factory has not install proper fire alarm notification system at chemical storage area.
3. Per factory walk through, mezzanine floor is still wood instead of fireproof material.

Company Action Plan Update

2. Per document reviewing, factory already conducted asbestos exposure assessment.

FINDING NO.3

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The safety warning posted on all control panels and electrical box at the factory is only written in Thai, without Burmese language. [HSE.14]
2. There is no warning sign for the confined space. [HSE.14]
3. The factory does not provide the appropriate protection for each confined space to ensure no accidental entry. [HSE.8, HSE.14]
4. The staff from the service provider in canteen did not wear gloves when preparing the food. [HSE.8, HSE.22]
5. There is no curtain installed between each bed in the clinic. [HSE.18]
6. No safety information and guideline document was provided to contractors or service providers concerning Health and Safety. [HSE.1, HSE.14]
7. The lockout-tagout procedure posted at the production floor is only written in Thai, without Burmese language. [HSE.14]

Local Law or Code Requirement

Occupational Safety, Health and Environment ACT B.E. 2554 (A.D. 2011), Section 17, Section 21, and Section 22; FLA Workplace Code (Health, Safety, and Environment Benchmark HSE.1, HSE.8, HSE.14, HSE.18, and HSE.22)

Recommendations for Immediate Action

1. Ensure that the safety warnings posted on all control panels and electrical box is written in workers' own language.
2. Ensures curtains are installed between each bed in the clinic.
3. Safety information shall be provided to all contractors.

4. Ensures the lockout-tagout procedure posted at the production floor is written in workers' own language.

COMPANY ACTION PLANS

Action Plan no 1.

Description

6. The factory has procedure about control supplier and provider. However, per document reviewing, factory has not provided safety information and guideline document to contractors or service providers concerning Health and Safety.

Company Action Plan Update

1. Per factory walk through, the safety warning posted on all control panels and electrical box at the factory is written in Thai and Burmese language.
2. Per factory walk through, factory already posted warning sign for confined space.
3. Per factory walk through, factory already provided appropriate protection as clock for confined space to ensure no accidental entry.
4. Per factory walk through, staff of service provider in canteen worn gloves while preparing food.
5. Per factory walk through, factory already installed curtain between each bed in clinic room.
7. Per factory walk through, the logout-tagout procedure is posted at production floor is in Thai and Burmese language.

FINDING NO.4

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Health & Safety

Finding Explanation

1. The factory has not installed the flash-light fire alarm system in the factory, such as in the QC, finished goods warehouse and accessory warehouse which has 13 disabled workers who are hard of hearing working at those sections. [HSE.5]
2. The emergency assembly point marking is only marked in Thai, without Burmese's language. [HSE.5]
3. Emergency light and exits are missing at all fire exits of packing section located on 1F and 2F of one 7-storey building. Meanwhile, emergency light and exit sign is not installed at the rooftop of one 7-storey building. [HSE.1, HSE.5]
4. Aisles in the packing section and finished goods warehouse are blocked. [HSE.5]
5. No evacuation map and first aid box is provided in the canteen. [HSE.5]
6. First aid box symbol is not marked in all evacuation maps of the whole factory. [HSE.5]
7. According to the factory management, there is one living quarter that is recommended for migrant workers from Myanmar and Thai workers to stay, this place is around 10 minutes to the factory by car. According to factory information, there are currently around 36 Burmese workers and 60 Thai workers living in the quarters. A simple tour of these living quarters found that no fire drill training was provided to the workers who are living in these living quarters. [HSE.6, HSE.25]

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 Benchmarks HSE.1, HSE.5, HSE.6, and HSE.25)

Recommendations for Immediate Action

1. Install the flash-light fire alarm system to the departments which disabled workers are working at.
2. Ensure all emergency assembly point marking is marked in all workers' own language.
3. Install the emergency light and exit at all fire exits.
4. Provides the evacuation map and first aid box in canteen.
5. Ensure the first aid box symbol is marked in all evacuation maps.
6. 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 the factory.

COMPANY ACTION PLANS

Action Plan no 1.

Description

All findings are improved.

Company Action Plan Update

1. Per factory walk through, factory already installed flash-light fire alarm system in the factory, such as in the QC, finished goods warehouse and accessory warehouse.
2. Per factory walk through, emergency assembly point marking is marked in Thai and t Burmese's language.
3. Per factory walk through, factory already installed emergency light and exits at all fire exits of packing section located on 1F and 2F of one 7-storey building and at the rooftop of one 7-storey building.
4. Per factory walk through, aisles in the packing section and finished goods warehouse are not blocked by finished goods.
5. Per factory walk through, factory already post evacuation map and equipped first aid box in canteen.
6. Per factory walk through, first aid box symbol is marked in all evacuation maps of the whole factory.
7. Per document reviewing, factory already conducted fire drill training for migrant workers who stays in living quarter.

FINDING NO.5

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Environmental Protection

Finding Explanation

1. The secondary containment for all the machine oil containers at the chemical storage area is not 110% of the capacity of the main storage container. [HSE.1 and HSE.9]

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)

Recommendations for Immediate Action

1. Ensure that all chemicals are stored properly with proper containers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

Finding is improved.

Company Action Plan Update

1. Per factory walk through, factory already provide secondary containment for machine oil containers in chemical storage area is 110% of the capacity of the main storage container.

FINDING NO.6

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Workplace Conduct & Discipline

Finding Explanation

1. The factory conducts body searches on workers on a regular basis. The current security practices are not gender sensitive. Female security guards conduct physical pat downs on the male workers. [H/A.10]

Local Law or Code Requirement

Recommendations for Immediate Action

1. Ensures all security practices shall be gender appropriate and non-intrusive. Do not conduct body searches unless there is a legitimate reason to conduct the search and upon consent of workers.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory is not agreeing on this finding. Because factory has not received any feedback from male worker about this issue. This is same situation that female security guards conduct physical pat downs on the male passengers at the International Airport.

FINDING NO.7

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Compensation

Finding Explanation

1. The factory does not establish a better system to monitor the compliance status of the subcontractor, such as security guards. Currently, factory is using one outsourced security service provider company for five security guards. Their payment is settled by the security company service provider but its payment record is not kept by the company. Factory only keeps the contract between the factory and the outsourced security company and also the attendance record of all those five outsourced security guards. The factory cannot confirm if these contract workers are receiving the right compensation. [C.1 and C.5]
2. Pay slips are not provided to Burmese workers at their own language. Currently, factory only provides pay slips to Burmese workers in Thai and English language. [C.17]

Local Law or Code Requirement

Labour Protection Act Sec. 24 and Sec. 53; FLA Workplace Code (Compensation Benchmarks C.1, C.5, and C.17)

Recommendations for Immediate Action

1. The factory to conduct monitoring on all outsourced service provider. Establish a proactive system to ensure that the payment of all outsourced security guards are properly and are in line with the law requirement.
2. Ensures the pay slip is provided to all workers at their own language.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Factory will contact security company about payment record. On 24-May-20291, per document reviewing, factory has not establish a system to monitor the compliance status of the subcontractor as security guard. FR will follow up.
2. Factory will add Burmese language in pay slips. However, on 24-May-2019, per document reviewing, pay slip for worker is not provided in Burmese, just only in Thai and English. FR will continue to follow-up.

FINDING NO.8

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Review Process (Macro)

Finding Explanation

1. The factory does not conduct periodic review and update of policies and procedures across all Employment Functions according to local laws and regulations as well as the FLA code requirements

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29, ER.30, ER.31)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The policy and procedure will be updated in every year. However, on 24-May-2019, per document reviewing, factory has not conduct the conduct periodic review and update of policies and procedures across all Employment Functions according to local laws and regulations as well as the FLA code requirements. FR will continue to follow up.

FINDING NO.9

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Communication & Worker Involvement (Macro)

Finding Explanation

1. The factory does not communicate the policies and procedures and their updates for the across all Employment Functions to the general workforce. [ER.16, ER.25, ER.27, ER.28, ER.30, ER.32]
2. Factory does not communicate its health and safety program to all migrant workers, or to any workers who may speak other languages and come from other cultures. [ER.16]
3. Factory does not communicate the workplaces rules and regulations and their possible update to their general workforce. [ER.16]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.16, ER.25, ER.27, ER.28, ER.30, ER.32)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will prepare handbook about policy, regulation updated, safety and healthy and other communication to employees.
2. The factory preparation handbook about to policy, regulation updated, safety and healthy and other communication to employees. (Completed by 01/10/2018)
3. The factory preparation handbook about to policy, regulation updated, safety and healthy and other communication to employees. (Completed by 01/10/2018)

Company Action Plan Update

2. Per document reviewing and worker's interview, 6 out of selected Burmese workers confirmed that factory already communicated health and safety program to Burmese workers.

FINDING NO.10

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. Probation period mentioned on all contracts, for both Burmese and Thai workers, is 119 days. [ER.1]
2. The job application forms on all workers' contracts (including Thai and Burmese workers) include questions requiring information on marital status, weight, height, age, religion, number of children, educational level and name of family members, posing a risk of discrimination during the recruitment process. [ND.2]
3. The factory does not conduct skill-based tests during the selection process for all department of new workers. Currently, the factory only conducts skill-based tests to new sewing workers only. [ER.29]

Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1, ER.29; Nondiscrimination Benchmarks ND.2)

Recommendations for Immediate Action

1. Ensures the probation period of all workers is not more than 3 months.
2. Ensures the skill-based tests will be conducted during the selection process for all new workers.
3. Ensures questions requiring information on marital status, weight, height, age, religion, number of children, educational level and name of family members will not be shown on the job application form.

COMPANY ACTION PLANS

Action Plan no 1.

Description

3. Per document reviewing, factory has conducted the skill based tests during the selection process for sewing and QC/QA only. Skill based test is not applied for all position in company. FR will continue to follow-up.

Company Action Plan Update

1. Per document reviewing and worker's interview, 11 out of 11 selected new workers confirmed they signed contract with 90 days for probation period.
2. Per document reviewing and worker's interview, 11 out of 11 selected new workers confirmed there are no information marital status, weight, height, age, religion, number of children, educational level and name of family members in the job application form during recruitment.

FINDING NO.11

IMMEDIATE ACTION REQUIRED

FINDING TYPE: Recruitment, Hiring & Personnel Development

Finding Explanation

1. The factory has a workforce of 1364 workers, including 289 migrant workers from Myanmar. 36 of these workers were recruited through a Myanmar recruitment agency under the Memorandum of Understanding between Thailand and Myanmar on Employment of Workers (MOU). The rest of the 253 Burmese workers were walk-ins. All of these workers have to pay recruitment related fees themselves, with these fees paid to the agents in Myanmar. The factory does not bear any of the recruitment related fee either in Thailand or Myanmar. The factory only obtains the supporting documents of paying medical tests (THB 500 =USD 15), work visa (THB 1000 = USD 30) and work permit fee (THB 1, 900 = US 58) from the workers and keep these documents on file. Neither the recruitment agency nor the factory could provide further breakdown or supporting documents on the recruitment commission fee, transportation fee and passport fee. Based on the obtained information, below are fees workers reported to pay:
 - i) Non - MOU workers: The total cost of the non-MOU worker is reported to be around THB 10,000-16,000 per person (USD 303 - 485), depending on their specific fee including the cost of medical tests (THB 500 = USD 15), work visas (THB 1000= USD 30), two-year work permit fees (THB 1,900 = USD 58), passport fees (THB 1500 = USD 45) , immigration fee (THB 60 = USD 2) every 3 months, transportation fee (cost unspecified) and the recruitment agent's commission (cost unspecified).
 - ii) MOU workers: The total cost of the MOU workers is about THB 20,150- 25, 500 per person (USD 611 - 773) depending on their specific fee including the cost of medical tests (THB 500 = USD 15), work visas (THB 1000=USD 30), two-year work permit fees (THB 1,900 = USD 58), passport fees (THB 1500 = USD 45) , immigration fee (THB 60 = USD 2) every 3 month, transportation fee (cost unspecified) and the recruitment agent's commission (cost unspecified). [ER.5, ER.6]
2. Copies of the Employee handbook is not provided to Burmese workers in their local language. [ER.1]

3. All new workers need to pay the health check fee (THB 200 = USD 6) upon hiring by the factory.
4. The Labor Department requires migrant workers from Myanmar to undergo a health examination upon hiring, which includes testing for pregnancy, 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. For additional information about this requirement please review the recent report by the FLA on this issue (<http://www.fairlabor.org/report/triple-discrimination-woman-pregnant-and-migrant>). [ND.5]

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 all fees associated with the employment of workers shall be the sole responsibility of employers. Additionally, pay back the recruitment fees to workers.
2. Provide all workers with the employee handbooks in their own language.
3. Ensure that the health check fee associated with the employment of workers shall be the sole responsibility of employers. Retroactively pay back the fee to workers who paid for the fee themselves.
4. Ensure that pregnancy test is prohibited in all health examination.

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. Refer to law announcement of Department of employment regulation on prescribing the fees for bringing Labour to work for an employer in the country B.E. 2559 (2016). Expense shall be the personal expenses of the migrant worker is responsible.
3. The company must conduct a check for infectious contagion to prevent spread e.g. tuberculosis (reference to Law on Disease B.E.2553 (2010)). Previously, factory received an indication about it from other US customer.

Company Action Plan Update

2. Per worker's interview, 6 out of 6 selected Burmese workers confirmed they received copy of employee hand book in Burmese in 01 Feb 2019.
4. Per document reviewing and worker 's interview, 3 female Burmese workers confirmed they were not conducted pregnancy test when apply for work permit extension.

FINDING NO.12

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Training (Macro)

Finding Explanation

1. The factory does not provide any ongoing documented training to employees on the following Employment Functions: Recruitment, Hiring and Personnel Development, Grievance System, Freedom of Association, Workplace Standards, Code of Conduct, and Environmental Protection. [ER.1, ER.15]
2. Tactory does not provide training on the Workplace Conduct & Discipline for the relevant HR personnel and administrative staff. [ER.17, ER.27]
3. Factory does not provide specific training for the relevant managers and supervisors on the following Employment functions: Recruitment, Hiring and Personnel Development, Workplace Conduct, Termination and Retrenchment, Grievance System, including principle of non-retaliation, Industrial relations and Freedom of Association, Environmental protection, Hours of Work, Wages and Benefit. [ER.17, ER.27]

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.17, ER.27)

COMPANY ACTION PLANS

Action Plan no 1.

Description

Per document reviewing, factory already provided the specific training for the relevant managers and supervisors on the following Employment functions: Recruitment, Hiring and Personnel Development, Workplace Conduct, Termination and Retrenchment, Grievance System, including principle of non-retaliation, Industrial relations and Freedom of Association, Environmental protection, Hours of Work, Wages and Benefit on 24 Feb 2019.

Company Action Plan Update

2. Per document reviewing, factory already provided training on the Workplace Conduct & Discipline for the relevant HR personnel and administrative staff.

3. Per document reviewing, factory already provided the specific training for the relevant managers and supervisors on the following Employment functions: Recruitment, Hiring and Personnel Development, Workplace Conduct, Termination and Retrenchment, Grievance System, including principle of non-retaliation, Industrial relations and Freedom of Association, Environmental protection, Hours of Work, Wages and Benefit on 24 Feb 2019.

FINDING NO.13

SUSTAINABLE IMPROVEMENT REQUIRED

FINDING TYPE: Policies & Procedures (Macro)

Finding Explanation

1. The procedure on Recruitment, Hiring and Personnel Development lacks element of how workers will be informed of training opportunities and the eligibility requirement for participation. [ER.28]
2. The procedure on Workplace Conduct & Discipline lacks an appeal process. [ER.27]
3. The Termination procedure does not include the methods for calculating final payouts, in accordance with legal requirements. [ER.19, ER.32]
4. The written policy on Environmental Protection lacks elements of i) the statement of general support for energy and water efficiency; ii) a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks. The written procedures on Environmental Protection lacks elements of i) managing environmental impact within the factory ii) enabling workers how to raise the environmental concern, procedure for reporting environmental emergencies and protection for workers who allege environmental violations. [ER.31]
5. The procedures on Hours of Work lacks element of complying with all applicable laws governing work hours of special categories of employees. [HSE.14]
6. Factory has not established the policy and procedure on Industrial Relations and Freedom of Association. [ER.25]
7. The procedures on Grievance Systems lack elements of prohibition of retaliation against employees who lodge complaints or grievances. [ER.25]
8. The procedures on Health and Safety lack several elements of the following:
 - i) The protection against retaliation for workers who raise health and safety concerns;
 - ii) Steps for ensuring that walkways/ aisles and emergency exits are free from obstruction;
 - iii) Steps on how to ensure all personnel, visitors, contractors, service providers safely evacuated;
 - iv) Steps on how to ensure that all special categories of workers and children in childcare facilities safely evacuated;
 - v) Guidance on electrical certifications, inspections, assessments and reviews and for external contractors/service providers concerning health and safety
 - vi) Steps for reporting death, injury, illness , and other health and safety issues
 - vii) Procedures for managing (entry into) confined space. [ER.31, HSE.5]
9. The factory does not clearly define the responsible/ accountable person(s) for following Employment Function in writing: Recruitment, hiring and personnel development, Compensation, Hours of Work and Industrial Relations. [ER.1]

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; Health, Safety, and Environment Benchmarks HSE.5, HSE 14)

COMPANY ACTION PLANS

Action Plan no 1.

Description

1. The factory will preparation training road map for the employees.
8. The factory preparation procedure about The protection against retaliation for workers who raise health and safety concerns. By topic a-g.

Company Action Plan Update

2. Per document reviewing, factory already set up the procedure on Workplace Conduct & Discipline lacks an appeal process.
3. Per document reviewing, factory already set up the method for calculating final payouts, in accordance with legal requirements.
4. Per document reviewing, factory already review the the written policy on Environmental Protection lacks elements of i) the statement of general support for energy and water efficiency; ii) a commitment to minimize impacts with respect to air emissions, waste, hazardous materials and other applicable environmental risks. The written procedures on Environmental Protection lacks elements of i) managing environmental impact within the factory ii) enabling workers how to raise the environmental concern, procedure for reporting environmental emergencies and protection for workers who allege environmental violations
5. Per document reviewing, factory already review the working hours policy with element of complying with all applicable laws governing work hours of special categories of employees.
6. Per document reviewing, factory already established the policy and procedure on Industrial Relations and Freedom of Association.
7. Per document reviewing, factory already set up The procedures on Grievance Systems lack elements of prohibition of retaliation against employees who lodge complaints or grievances.