2010

FAIR LABOR ASSOCIATION
INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Haddad Apparel Group
COUNTRY: Thailand
FACTORY CODE: 10200741156I
MONITOR: Global Standards
AUDIT DATE: September 3, 2010
PRODUCTS: Apparel
PROCESSES: Printing, Screen-printing
NUMBER OF WORKERS: 40

FLA Comment: This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company. The FLA has not yet received a response from the company. Therefore, the report is posted in its current state and will be updated once a finalized report has been received.

For an explanation on how to read this report, please visit the FLA website here.
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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation: There are no records of paid sick-leave in the payroll.

Plan Of Action: Contractor shall ensure that all workers are eligible for sick leave & payments as per local labor laws. The contract will ensure a leave register is been maintained to capture leave records by its type & ensure workers enjoy this benefits & related payments.

Deadline Date: 10/31/2010

Supplier CAP: Review the existing leave policy & procedures. Ensure that workers will enjoy sick leave benefits as per local labor laws by maintaining a leave register & updating information on to it in a timely manner. Workers must be trained on leave procedures.

Supplier CAP Date: 11/16/2010

Action Taken: Factory created leave tracking and explained to the supervisors how to implement it. Appropriate training was provided to all workers in regard to leave entitlement & leave application procedures.

Plan Complete: Yes

Plan Complete Date: 02/02/2011
Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation: Workers do not demonstrate sufficient understanding of how to calculate their wages.

Plan Of Action:
- Contractor shall ensure that all workers are fully aware of their wages calculations.
- Adequate training to be provided & postings of wage calculations to be in place in local language.

Deadline Date: 09/25/2010

Supplier CAP:
- Workers will be provided with adequate training on the wage & earnings calculations.
- Wages calculation methods will be posted at site.

Supplier CAP Date: 11/16/2010

Action Taken: Worker were re-trained on wage calculation on 2nd Feb 2011 and posted wage calculation on notice board. Workers training attendance sheets confirm their comprehension of wage calculations.

Plan Complete: Yes

Plan Complete Date: 02/02/2011
Forced Labor: Employment Records
F.9 Employers shall maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision. (P)

Noncompliance

Explanation: Contracts for Burmese workers contain several items that are different from Thai contracts (e.g. pay-rate for OT, not clear on pay for holidays) and non-compliant. Employee files are incomplete (e.g. no copy of ID, no contract in some, unsigned or incomplete contract).

Plan Of Action: Contractor shall ensure equal treatment to workers in same working conditions regardless of their nationality, race, gender, color, sexual orientation, marital status, religion or other factors that are not job related. Contractor will establish a process that will treat all workers equally during the hiring process & throughout the entire working period.

Deadline Date: 10/31/2010

Supplier CAP: Will have all contract letters reviewed & revised to ensure that all workers are treated equally.

Supplier CAP Date: 11/16/2010

Action Taken: Employee contracts for Burmese workers were revised to include contracts that mention working hour, wage pay, holiday and working service date.

Plan Complete: Yes

Plan Complete Date: 02/02/2011
Code Awareness:
GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: Workers are not clear about the purpose or details of the code of conduct.

Plan Of Action: Contractor shall effectively communicate its CoC to the workers & ensure they understand its content. Contractor will establish a plan for annual refreshment training. Conduct a full detailed annual training including CoC, local labor laws, leave procedures, harassment & abuse, grievances, code of conduct.

Deadline Date: 01/31/2011

Supplier CAP: Training on COC to all the workers will be done for their better understanding.

Supplier CAP Date: 11/16/2010

Action Taken: No

Plan Complete Date:
Code Awareness
GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: No method for workers to communicate with the participating company.

Plan Of Action:
Deadline Date:
Supplier CAP:
Supplier CAP Date:
Action Taken:

Plan Complete: No
Plan Complete Date:
Health and Safety: Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Noncompliance

Explaination: Effluence from printing operations is not treated or tested. No environmental testing has been conducted in the workplace.

Plan Of Action: Contractor shall ensure that all wastewater from its printing operation will be treated & tested to meet with buyer wastewater management & local law standards prior to being discharged into the environment.

1] Establish a wastewater management policy & procedure

2] Set up treatment plants or assign contractor to treat wastewater prior to be disposed in to the environment.

3] Testing to be done to ensure water is meeting with standards.

Deadline Date: 02/28/2011

Supplier CAP: In the process of establishing an internal waste water treatment plant & treat the process water prior to be released.

Supplier CAP Date: 11/16/2010

Action Taken: In the process of establishing the wastewater treatment plant.

Noted: The tanks used to store the water & filter it in 3 stages. However still in trial process & the water will be tested for accuracy in actual practice.

Plan Complete: No

Plan Complete Date: 
Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: Concerning proper evacuation procedures, many of the aisles are not clearly marked with yellow lines. The directional arrows are barely visible. Emergency lights in the dormitory were not working properly. The evacuation plan is not in the language of the workforce and is not standard (printed in black/white with no indication of fire fighting equipment or “you are here” on the plan).

Plan Of Action:

1] Re-do the evacuation plans to include all information such as, fire fighting equipment, First kits, exits doors & "YOU ARE HERE" signs.

2] Contractor shall have big & clear evacuation plans posted at each emergency exit.

3] Indication of all fire fighting equipment, exit doors, first aid kits & "YOU ARE HERE" signs to be added in a color version of the evacuation plan to meet with requirements.

4] Ensure all evacuation plans are accurate & updated as per current site plan.

5] Post the evacuation plans at all exit doors & keep these areas free of obstruction at all times with clear view.

Deadline Date: 12/31/2010

Supplier CAP: Shall have the evacuation plans & procedures reviewed & revised to meet with requirements.

Supplier CAP Date: 11/16/2010

Action Taken: Noted color evacuation plans posted with evacuation routes & provided training to all workers on evacuation procedures.

Plan Complete: Yes
Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: One fire extinguisher was found undercharged.

Plan Of Action: Contractor shall ensure that all fire fighting equipment is well maintained & checked regularly for its working conditions. Regular checks by the fire department to be assigned to handle any potential fire hazards.

1) Check all the fire fighting equipment in the factory premises for its condition & charge levels.

2) Establish checklist that will crosscheck the fire fighting equipment at least once a week to ensure the condition.

Deadline Date: 09/25/2010

Supplier CAP: Shall have all the fire fighting equipment checked by the authorized safety agent to ensure in full charge to handle potential fire hazards.

Supplier CAP Date: 09/23/2010

Action Taken: Observed all fire fighting equipment in good working condition.

Plan Complete: Yes

Plan Complete Date: 09/23/2010
Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: Workers are not wearing proper PPE for handling chemicals in operations. A worker was found mixing chemicals directly with his hands. The ventilation system in place at spot cleaning station does not work properly.

Plan Of Action:
1] Contractor shall ensure all workers are provided with adequate PPE to protect them self’s from work related hazards. All chemical handling workers must be strictly monitored of the use of the PPE provided.
2] Adequate PPE training shall be provided & educate them in the associated risk if no PPE is used.
3] Regularly review PPE policy & procedure
4] Provide employees with proper PPE for the chemicals used at site. Workers shall be free of access to appropriate PPE when necessary.
5] Ventilation system in all chemical areas to be in good working conditions.
6] Review & revise the PPE policy & Procedure to suit with the chemicals used.
7] Review the chemical inventory against the MSDS & ensure each chemical is provided with appropriate mask, gloves, eye guards etc. to meet with MSDS suggested PPE.
8] Establish a checklist procedure for all ventilation systems to be regularly checked for its working conditions.

Deadline Date: 09/30/2010

Supplier CAP: Shall ensure proper PPE is provided to the workers. Ventilation system will be installed in the spot cleaning rooms to meet with requirements.

Supplier CAP Date: 09/23/2010
**Action Taken:**

Observed workers using rubber gloves as PPE while mixing chemicals. The ventilation system found in operation at the spot cleaning room in improved safe working conditions.

**Plan Complete:**

Yes

**Plan Complete Date:**

09/23/2010

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**Health and Safety: Chemical Management and Training**

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

**Noncompliance**

**Explanation:**

No specific medical tests are given based on the chemicals used in the workplace for Burmese employees.

Workers were using only cotton masks, which contradict with MSDS requirements for carbon masks, gloves, and goggles for several chemicals on-site.

There are no explosion proof lamps or switches in chemical storage (print workshop), many chemicals do not have proper labels; the hazards do not match with chemicals in production. MSDS are missing key information and there is no statement of occupied hazardous chemical in place of operation within 7 days (Form SO. 1).

Thai Notification of Ministry of Interior (RE: Working safety relating to harmful chemicals).

**Plan Of Action:**

1] Contractor shall ensure all workers are provided with medical check up's once a year. Specific medical checks for workers in chemical storage & handling areas. All medical checks must be performed, regardless of the nationality of the workers.

2] Appropriate PPE shall be provided as respiratory protection
3] Yearly medical check up shall be implemented to all workers, specific medical checks to workers in chemical handing & storage areas.

4] Provide with appropriate respiratory protection.

5] Install explosion proof lamps & switches in chemical storage & workshop.

6] Chemicals to be labeled as appropriate & the MSDS to carry key information.

| Deadline Date: | 11/30/2010 |
| Supplier CAP: | Shall arrange medical tests for all workers based on chemicals used; will provide adequate MSDS for all these workers. |
| Supplier CAP Date: | 11/16/2010 |
| Action Taken: | Observed explosion proof lamps & switches were installed in chemical storage. The chemical storage area is now separated by a wall. MSDS posted properly. Print ink covered in order to control exposure limit. However, factory has yet to report to the government on the chemicals used at site. |
| Plan Complete: | No |
| Plan Complete Date: | |
**Hours of Work: Extraordinary Business Circumstance/Forced Labor**

HOW.11 In case of extraordinary business circumstances, employers shall make reasonable efforts to secure voluntary overtime work prior to mandating involuntary overtime. Employers must get workers voluntary consent periodically for all overtime that is above the 12 hours as provided for in the Code and that is not due to extraordinary business circumstances. (P)

**Noncompliance**

**Explanation:** No voluntary OT sheet in use or otherwise any evidence showing workers' acceptance of overtime work.

**Plan Of Action:** Create a voluntary OT statement for excessive hours of OT work

**Deadline Date:** 09/18/2010

**Supplier CAP:** Shall have voluntary OT sheets maintained for excessive hours of work.

**Supplier CAP Date:** 09/23/2010

**Action Taken:** Voluntary OT signature sheet has been implemented in factory.

**Plan Complete:** Yes

**Plan Complete Date:** 09/23/2010