

FLA Audit Profile	
Country	Thailand
Factory name	020274300E
IEM	Kanan Institute Asia
Date(s) in facility	June 22-23, 2006
PC(s)	Eddie Bauer
Number of workers	630
Product(s)	Shirt, Skirt, Pants
Production processes	Cutting, Sewing, Washing, Trimming, Pressing, Inspection, Packing

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings				Remediation				[Status] Completed, Pending, Ongoing	Updates		Third-Party Verification		Company Verification Follow Up		
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation	PC Remediation Plan	Target Completion Date	Company Follow Up (November 14, 2006)		Documentation	Company Follow Up (December 7, 2007)	Documentation	External Verification (Date)	Documentation	Company Follow Up	Documentation
1. Code Awareness																		
Worker/Management Awareness of Code		FLA Principle of Monitoring, Obligation of Companies: 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.	Workers were not aware of the code of conduct (COC).					worker interviews	Factory should take steps to re-enforce its training on code elements in order to improve overall level of code awareness in factory. COC should be posted in a prominent area accessible to workers.		COC posters posted and training provided.	poster	Completed					
Confidential Noncompliance Reporting Channel		FLA Principle of Monitoring, Obligation of Companies: 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.	Workers were not aware of the exact process or procedure after giving their comments, complaints or suggestions through the suggestion box. They did not receive any feedback from their employer.					worker interviews	Factory should communicate its grievance policy and procedures to employees, orally and in writing, during new hire orientation and on an ongoing basis. Information on grievance system should be made available in employee manual and on notice boards.		Factory still does not have adequate grievance procedures. PC has provided guidance materials to assist factory in developing procedures.		Pending	Grievance procedures have still not been developed in accordance with PC's recommendations.				
2. Forced Labor																		
Recruitment Contracts		Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.		Workers did not receive a copy of employment contract.				worker interviews	Employees should receive a copy of their employment contract as soon as they join the company.		Factory does not provide a copy of employment contract unless it is requested by workers. PC has requested the factory revise its new hire procedure, so all workers are provided with a copy of their employment contract as soon as they join the factory.		Completed	Factory provide copy of employment contract to all workers.	amended company policy, worker interviews			
3. Child Labor																		
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																		
4. Harassment or Abuse																		
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.																		
Other: Absence of Policy				No Harassment or Abuse policy was established.				management interview	Factory to establish a policy of no harassment or abuse and a procedure to report any infringement of this policy.		Anti-harassment and abuse procedures implemented.	amended factory rule	Completed					
5. Nondiscrimination																		
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																		
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.			Application form contains questions about race, nationality, sex and religion which may lead to discrimination practices.	No workers claimed they were discriminated by race, nationality, sex and religion.		application form review	Factory should ensure that these questions are not used in any way to discriminate against employees.		Application form amended and the questions were deleted.	amended application form	Completed					
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	Job advertisements (which were posted in front of the factory) announced that the age of applicants must not be over 40 years of age. In addition, job description also had specific ages and genders for each position.					visual inspection, management interview	Recruitment decisions should be based on objective criteria related to applicant's ability to perform job required. Factory's job postings should be revised to avoid any discrimination against applicants on basis of age or gender.		Job advertisement without age discrimination posted.	job advertisement	Completed					
Pregnancy Testing		Employers will not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	Some female applicants were required to take a pregnancy test during recruitment process; besides, their personnel file contained a certificate with the pregnancy test result.					worker interviews, personnel record review	Factory must immediately discontinue use of pregnancy testing as a condition of hiring or continued employment.		Factory has ceased pregnancy testing since August 2006.	amended factory rule	Completed					
Other: Absence of Policy				No non-discrimination policy was established.				management interview	Factory should adopt a policy of non-discrimination and communicate the policy to all employees.		Non-discrimination policy implemented.	amended factory rule	Completed					
6. Health and Safety																		
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																		
Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language.	No material safety data sheets (MSDS) covered for all chemicals which were used in the factory, such as chemical name V.8, Lanotex, Silicone, etc.					visual inspection	MSDS should be made available for all chemicals used in the factory. Workers should be trained to read and understand MSDS.		MSDS posted and training provided.	MSDS, training record	Completed					
Safety Equipment	Notification of Ministry of Interior, Re: Labor Protection, Notification of the Ministry of Interior, Notification of Ministry of Interior, Safety at Work Related to Hazardous Chemicals	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	No installation of emergency lights in the boiler control room.					visual inspection	Emergency lights should be installed in the boiler control room.		Emergency light installed.	observation	Completed					
Safety Equipment	Notification of Ministry of Interior Re: Working Safety Relating to Protection and Prevention of Fire for Employees.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Some fire extinguishers were out of order such as fire extinguisher number 37.					visual inspection	Factory to ensure that all fire extinguishers are in working condition and inspected monthly.		All fire extinguishers are inspected monthly and in good condition.	inspection log	Completed					
Safety Equipment	Notification of Ministry of Interior Re: Working Safety Relating to Protection and Prevention of Fire for Employees.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Some emergency exit signs were not illuminated.					visual inspection	All emergency exit signs should be illuminated for safe evacuation in an emergency.		All exit signs are illuminated.	observation	Completed					
Safety Equipment	Notification of Ministry of Interior Re: Working Safety Relating to Protection and Prevention of Fire for Employees.	All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	Fire extinguishers were not inspected by an outside company every 6 months.					visual inspection	Fire extinguishers should be inspected in accordance with local law.		No outside company is inspecting the fire extinguishers.		Pending	Outside company hired to inspect fire extinguishers.	contract and report			

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Chemical Management	Notification of Ministry of Interior Re: Working Safety Relating to Harmful Chemicals, Clause 13 "Employer shall provide place for washing harmful chemical, such as shower, eye wash, in the area where employee is working with harmful chemicals."	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	No installation of emergency eye wash in the washing section.				visual inspection	Eye wash should be installed in the washing section where chemicals are used.		No eye wash station is installed.		Pending	Only shower was installed, no eye wash station yet.	on-site inspection				
Chemical Management		All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	No secondary containment for all liquid chemicals containers in chemical storage area.				visual inspection	Secondary containment should be provided for liquid chemicals in storage area to minimize impact of leaks and spills.		Secondary containment installed.	observation	Completed						
Chemical Management	Notification of Ministry of Interior Re: Working Safety Relating to Harmful Chemicals, Clause 17 "Employer shall arrange for training of employees on work concerning with harmful chemicals."	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	Workers who worked with chemicals were not provided training on chemical safety.				Training record	Factory should provide training and ongoing communication to workers on chemical safety and safe practices to minimize the risk of injury or accidents.		Employees utilizing chemicals have training during orientation.	training materials	Completed						
Record Maintenance		All safety and accident reports shall be maintained for at least one year, or longer if required by law.	No accident investigation report for the year 2006 available for review.				safety officer interview, accident record review	Factory should maintain accident reports and make them available to auditors for review.		Accident reports provided for 2006.	accident report	Completed						
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Some sewing machines did not have needle guards.				visual inspection	Factory to install needle guards on all sewing machines.		Needle guards installed.	observation	Completed						
Sanitation in Facilities	Ministerial Regulation Re: Welfare in Workplace B.E. 2548, Clause 2 (2) "An industrial having 20 or more working at same time shall be provided with a) 1 room for medical treatment and enough essential pharmaceuticals; b) at least 1 nurse; c) at least 1 first class physician work in workplace at least twice a week and total hours work have to be no less than 6 hours per week."	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	No doctor was available to visit the factory as legally required.				worker, nurse and safety officer interviews; visual inspection	Factory should ensure compliance with local regulations requiring doctor visits to the workplace.		Factory still does not have doctor visits on site.		Pending	Factory still does not have doctor visits. Factory maintains a sick room and full-time nurse on site, which they claim is sufficient.					
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	The toilets did not have gender signs.				visual inspection	Toilets should be marked with gender signs.		Gender signs posted outside toilets.	observation	Completed						
Other: Safety Officer	Ministry of Labor and Social Welfare Re: Working Safety of Employees, Clause 14 "Employer having more than 50 employees upwards, at the place of business operation, shall appoint at least 1 safety officer at professional level, for full time work, within a period of 180 days from date this notification comes into force or within 180 days from date employer has more than 50 employees upwards."		The safety officer at the professional level was not on duty full time; she worked in another areas such as recruitment, payroll and HR.				safety officer at professional level interview	Factory should ensure compliance with local regulations governing the responsibilities of the safety officer.		Safety officer's role has not changed and the position is still responsible for HR.		Completed	Full-time safety officer was hired.	management interview				
Other: Lift Safety	Notification of Ministry of Interior Re: Safety in Construction Working Relating to Temporary Lift for Carriage of Materials.		No sign was posted to indicate the lift load on the elevator.				visual inspection	A sign should be posted indicating the lift load of the elevator.		Lift load of elevator posted.	lift load sign	Completed						
7. Freedom of Association and Collective Bargaining																		
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																		
Employer Interference/Elections	Notification of Department of Labor Protection and Welfare Re: Criterion and Procedures to Election of Welfare Committee.	Workers' organizations have the right to elect their representatives and conduct their activities without employer interference.	Workers did not elect the Welfare Committee by themselves and were not aware of the roles in the Welfare Committee.				worker interviews	Factory should comply with all legal regulations governing the establishment of Welfare Committee. Information about the committee's activities and responsibilities should be made available to workers.		Election held 2/15/2006 for Welfare Committee. Workers interviewed were aware of committee and understood its role.	election report	Completed						
Other: Absence of Policy				No Freedom of Association policy was established.			management interview	It is recommended that the factory adopt a policy on Freedom of Association.		Freedom of association policy implemented.		Completed						
8. Wages and Benefits																		
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally required benefits.																		
Wage and Benefits Posting		All notices that are legally required to be posted in the factory work areas will be posted. All legally required documents, such as copies of legal code or law, will be kept at the factory and available for inspection.	No notice of the minimum wage posted in the prominent area.				visual inspection	Factory should post all legally required notices.		Minimum wage posted.	minimum wage notice	Completed						

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Deduction for Services	Labor Protection Act. B.E. 2541 Section 76 "No employer shall deduct wage, overtime pay, holiday work pay, and overtime on holiday pay."	Deductions for services to employees will not exceed the cost of the service to the employer. If questioned, employers will demonstrate the reasonableness of these charges	There was a policy to pay workers based on actual time workers came to work; hence, if a worker is late, their wage will be deducted according to the amount of time they were late. From workers interviewed, they understood that if they started working late, their wages would be deducted at the actual late time as "no work, no pay."				worker interview; factory notification; payroll and time records review	PC will investigate this further to determine if there is a risk of noncompliance.		Verified that workers are paid for their hours worked, based on when they clock in. No evidence of any illegal deductions or monetary fines.	time records	Completed	Factory maintains its practice of "no work, no pay." However, no deduction observed, as there have not been any recent incidents of workers arriving late to the factory.					
Legal Compliance for Holiday/Leave	Labor Protection Act. B.E. 2541 Section 57 "An employer shall pay wages to an employee for sick leave under section 32 equivalent to wages of a working day throughout leave period, but not exceeding 30 work days per year."	Workers will be paid for holidays and leave as required by law	Employees are required to submit a medical certification for every time of sick leave, even for only 1 day. Otherwise, they will not be paid for the day. This is a noncompliance with legal requirements, as it stated an employer shall pay wages to an employee for sick leave under section 32 equivalent to wages of a working day throughout leave period, but not exceeding 30 work days per year. If they take sick leave for more than 3 days, they only need to submit the medical certification. Thus, workers are able to take sick leave 1-3 days without such certification, they should be compensated.				manager and worker interviews; payroll, time and leave records review	Workers should not be required to submit a medical certificate for 1 day's sick leave. As per local law, factory may request a medical certificate if employee requires more than 3 consecutive days of leave.		Factory's current policy does not require a medical certificate when workers request 3 days or less of sick leave.	recent sick leave application	Completed						
9. Hours of Work																		
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.																		
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	According to attendance records and OT data sheet reviewed in past 12 months, there were workers who worked OT more than 12 hours a week in each month. May 2005, maximum OT was 40 hours/week; June 2005, maximum OT was 32 hours/week; July 2005, maximum OT was 28 hours/week; August 2005, maximum OT was 30 hours/week; September 2005, maximum OT was 15 hours/week; October 2005, maximum OT was 29 hours/week; November 2005, maximum OT was 29 hours/week; December 2005, maximum OT was 30 hours/week; January 2006, maximum OT was 30 hours/week; February 2006, maximum OT was 25 hours/week; March 2006, maximum OT was 22 hours/week; May 2006, maximum OT was 23 hours/week.				worker interviews; payroll and time record review	Working hours shall not exceed COC and legal limits. Workers are entitled to at least 1 day off in every 7-day period. Factory should adopt better controls to manage its working hours within these limits.		While overtime hours are compliant with local legal limitations, hours still exceed 60 hours per week (average 68 hours). PC is evaluating options for providing factory with technical assistance to manage its working hours more effectively.	time records	Completed	Weekly working hours were observed to be within 60 hours. Factory has been involved in projects with Thai Garment Development Foundation on "Garment Product Development" and "Productivity Improvement using MRL."	time records, worker interviews				
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by law of the country of manufacture or, where laws of such country will not limit hours of work, regular work week in such country plus 12 hours overtime and (ii) be entitled to at least 1 day off in every 7 day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	Some workers in sewing and packing sections worked without 1 day off in every 7 day period in 2005 (May, June, October, December) and 2006 (January, February).				worker interviews; payroll and time record review	Working hours shall not exceed COC and legal limits. Workers are entitled to at least 1 day off in every 7-day period. Factory should adopt better controls to manage its working hours within these limits.		Seventh day of rest guaranteed in recent months.	time records	Completed						
Other: Excessive Overtime	Ministerial Regulation Issue 3 (B.E. 2541) Issue under Labor Protection Act B.E. 2541 "The number of hours of overtime referred to Section 24 Paragraph 1 and holiday working hours referred to Section 25 Paragraphs 2 and 3 shall not, in any 1 week, exceed 36 hours. (Holiday work hours shall include number of hours of overtime on holidays).	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by law of the country of manufacture or, where laws of such country will not limit hours of work, regular work week in such country plus 12 hours overtime and (ii) be entitled to at least 1 day off in every 7 day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts.	Some workers worked an excessive amount of OT: 36 hours/week, the maximum OT was disclosed at 40 hours/week in May 2005.				worker interviews; payroll and time record review	Working hours shall not exceed COC and legal limits. Workers are entitled to at least 1 day off in every 7-day period. Factory should adopt better controls to manage its working hours within these limits.		See row 56 above.	time records	Completed						
Other: Rest Period	Labor Protection Act B.E. 2541, Section 27 "An employer shall arrange a rest period during work for an employee of not less than 1 hour per day after employee has been working for no more than 5 consecutive hours."	Employers will ensure reasonable meal and rest breaks, which, at a minimum, must comply with local laws.	Workers received a rest period of 30 minutes before working overtime; however, when they had worked overtime for 5-9 consecutive hours, factory did not arrange a rest period of at least 1 hour after employees had worked for more than 5 consecutive hours as the law requires.				worker interviews	As per local law, factory should provide a rest period of at least 1 hour for workers who have worked 5 consecutive hours of work.		No overtime of more than 5 hours per day observed.	time records	Completed						
10. Overtime Compensation																		
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																		
Miscellaneous																		