

FLA Audit Profile	
Country	Thailand
Factory Code	12027401B
IEM	Kenan Institute Asia
Date of audit	January 22 - 23, 2003
PC(s)	Reebok; Nike, Inc.
Number of workers	966
Product(s)	Garments
Production processes	Cutting, Sewing, Inspection

Findings					Remedia		
FLA Code/ Compliance Issue	FLA Compliance Benchmark or Legal Reference	Monitor's Findings	Documentation	Best Practice	PC Remediation Plan	Target Completion Date	Factory Response
<b>1. Code Awareness</b>							
Worker/Management Awareness of Code	In accordance with <b>FLA Obligations of Companies, B. Create An Informed Workplace:</b> 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.	Management presented a basic knowledge of the code. However, workers were not well trained in the elements of code. Management was not aware of the capacity review as a requirement.	Worker and management interviews		1. To help create an informed workplace, Reebok's local monitor will conduct 2 training sessions: (A) Orientation on Human Rights Production Standards code elements and (B) Training for worker representatives (Welfare Committee) on code to help them identify problems related to code compliance.  2. Once Reebok training completed, factory expected to implement program for in-house training on code elements to both old and new workers.	Reebok training scheduled for Q1 2003, and internal factory training. Ongoing	Factory will conduct training on Reebok code to all existing workers by end of May 2003. For new workers employed during April-June, factory will provide orientation in June. Training to new workers will be ongoing as needed.
<b>2. Forced Labor</b>							
<b>3. Child Labor</b>							
<b>4. Harassment or Abuse</b>							
<b>5. Nondiscrimination</b>							
Pregnancy Testing	In accordance with <b>FLA Compliance Benchmarks, Nondiscrimination:</b> 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.	[...worker] reported pregnancy test.	worker interview		Factory must develop and submit to Reebok written letter of commitment that it will no longer require pregnancy test, and that information arising from previous tests will not be used as factor in making employment decisions to the detriment of worker. (Also, please see Reebok's requirements regarding a non-discrimination policy).	1-Apr-03	Factory is always aware of policy of no pregnancy testing. Nevertheless, factory has issued a written policy statement of no pregnancy testing. Policy has been posted on board in factory.
Age Discrimination	In accordance with <b>FLA Compliance Benchmark, Nondiscrimination:</b> Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities.	Age discrimination as evidenced by job advertisement.	written job posting		1. Factory must ensure no age discrimination in job advertising and in hiring. Factory must immediately pull any and all advertisements referring to age or gender restrictions.  2. Factory management must develop and implement non-discrimination policy, adopting that factory will not discriminate in its employment practices, and will make all employment decisions (about hiring, salary, benefits, training opportunities, work assignments, advancements, discipline, termination) solely on basis of worker's ability to do job. Factory must submit to Reebok copy of policy, and explain how this policy will be communicated to workforce.	01-Apr-03  15-Apr-03	1. Factory has issued a new job advertisement that does not refer to age and gender requirement.  2. Factory had issued non-discrimination policy, and committed to Reebok in writing that it will strictly implement policy.

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<b>6. Health and Safety</b>							
Fire Safety and Evacuation	In accordance with <b>FLA Compliance Benchmarks, Health and Safety:</b> All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures. In accordance with <b>Thai law: Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety, Chapter 8: Fire Alarm and Fire Drill</b>	No fire alarm in some buildings.	visual inspection	<i>Factory has an excellent method of fire alarms: automatic smoke detector. Well maintained file of documents for emergency response in case of fire.</i>	Factory must install fire alarms in buildings where required.	1-Apr-03	Factory has installed fire alarms on 1st and 2nd floor of 5th Building
Fire Safety and Evacuation	In accordance with <b>FLA Compliance Benchmarks, Health and Safety:</b> All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures. In accordance with <b>Thai law: Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety, Chapter 2: Safety of Building and Fire Escape.</b>	Narrow and unmarked passageway	visual inspection		Factory must ensure aisles leading to exits are at least 70cm or greater, and keep aisles clear of obstructions. Please submit proof, such as pictures, that this has been completed.	15-Mar-03	Factory has enlarged the aisles leading to exit from 80cm to 110 cm in stitching room.
Fire Equipment	In accordance with <b>FLA Compliance Benchmarks, Health and Safety:</b> 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. In accordance with <b>Thai law: Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety, Chapter 3: Fire Extinguisher, Clause 19</b>	Blocking, missing and improper condition of fire extinguisher	visual inspection		1. Factory must replace any missing fire extinguishers and ensure that all are easy to locate and access. A qualified license company should service and charge fire extinguishers to ensure they are all operating properly.  2. Factory must develop and implement a policy for regular inspections and maintenance of all fire safety equipment to ensure they operate properly and are in good condition. Policy should comply with Reebok's standards, which require the following procedures for extinguishers: (1) they must be serviced and charged annually by qualified licensed company, and (2) extinguishers must be inspected visually every month to make sure are charged and in good working condition. A tag should be attached to each extinguisher to record inspection date and inspector's initials. Factory should assign person to be accountable for testing extinguishers according to policy. Please provide Reebok with a copy of this policy.	01-Apr-03  15-Apr-03	1. Factory has replaced missing fire extinguishers and cleared blocked area so extinguishers are easily accessible. Factory also posted tag when extinguishers taken out for repairing. Factory has also asked [Chemical company name] to check condition of extinguishers and extinguishers were all serviced.  2. Factory has appointed 3 professional safety officers responsible for ensuring inspection and maintenance of all fire safety equipment.

		Findings			Remedia		
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Chemical Safety	In accordance with <b>FLA Compliance Benchmarks, Health and Safety:</b> 1. All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in prescribed manner and in local language or language spoken by majority of workers if different from local language. 2. Workers shall wear appropriate 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 hazardous elements including medical waste. 3. All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable law. In accordance with <b>Thai law: Notifications of Ministry of Interior, RE: Safety at Work in Connection with the Environment (Chemical Substance), Chapter 1: Working with Hazardous Chemicals and Chapter 2: PPE</b>	No appropriate PPE for employees who deal with hazardous chemicals and no safety PPE for protection from head and foot injury for cart and forklift operator. No appropriate method for emergency cleaning in case of chemical exposure/contact. No air testing for chemicals. No posting of MSDS at all chemical workstations. No special health examination for employees who deal with chemicals.		<i>Pictorial SSOP for dealing with hazardous chemicals</i>	1. Factory must provide appropriate masks for employees who deal with hazardous chemicals; 2. Provide protective hats and shoes for cart and forklift operators; 3. Install eye wash stations in accessible locations; 4. Ensure use of spot cleaner removal with relatively low toxicity; 5. Post MSDS at all workstations where chemicals used; 6. Provide urine or blood testing as part of annual health examination for employees who deal with chemicals. Please provide proof to Reebok when these items have been completed.	15-Apr-03	1. Factory has provided appropriate masks to these employees; 2. Factory has provided protective hats and shoes to forklift and cart operations; 3. From 2002 accident records, was no evidence of chemical exposure and eye splash. Factory therefore resolved to not install eye wash stations, but to use existing bathrooms. Factory will also instruct workers to wash their hands after use of spot cleaner removal; 4. Factory is using a spot cleaner with relatively low toxicity; 5. MSDS is posted at workstations and on chemical container; 6. Annual health examination to be conducted in November 2003.
Health and Safety Regulations/Accident Log	In accordance with <b>FLA Compliance Benchmarks, Health and Safety:</b> 1. Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, higher standards will apply. Factory will possess all legally required permits. 2. All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in prescribed manner and in local language or language spoken by majority of workers if different from local language. 3. All safety and accident reports shall be maintained for at least 1 year, or longer if required by law.	No full copy of all Thai OSH laws and regulations in files. Missing some OSH records and documents as per Thai law. Lacking corrective action requirement in accident log.	records review	<i>Providing industrial hygiene measurements and a closed container to store clean and used drinking cup.</i>	1. Factory must ensure full copy of all Thai Occupational Safety and Health laws and regulations are maintained in files. 2. Factory must set up a system to document accidents/incidents and corresponding corrective actions. Please see Reebok Guide for a sample accident record and investigation forms. Please provide proof to Reebok when this is completed.	1-Apr-03	1. Factory has already obtained a full copy of Thai Occupational Safety and Health; 2. Factory has Health and Safety Committee to oversee health and safety in the factory. Committee developed accident forms to document accidents and required corrective actions.
Electrical Wiring				<i>Single on/off switch for each lamp is used.</i>			
Medical Facilities and First Aid				<i>Factory has an outstanding medical and health service program.</i>			
Machine Guarding				<i>Double shield door of elevator for material handling and overhead conveyor.</i>			
Bathroom Facilities				<i>Good procedures for toilet maintenance.</i>			
Dining Facilities and Food Preparation				<i>Factory has a good program to monitor and maintain condition of food shops and food preparation process.</i>			

Findings					Remediation		
FLA Code/ Compliance Issue	FLA Compliance Benchmark or Legal Reference	Monitor's Findings	Documentation	Best Practice	PC Remediation Plan	Target Completion Date	Factory Response
<b>7. Freedom of Association and Collective Bargaining</b>							
<b>8. Wages and Benefits</b>							
Holiday pay	In accordance with <b>FLA Compliance Benchmarks, Wages and Benefits, Hours of Work, and Overtime Compensation</b> : Workers will be paid for holidays and leave as required by law. Where workers paid on piece rate, payment for overtime work performed shall result in no less payment than premium pay required by law. In accordance with <b>Thai Labor Protection Act, Article 61</b> : ... Work during overtime will be compensated at one and a half times the rate for each work unit performed on working day for employees who receive wages calculated on a work unit performed basis. <b>Articles 56 and 60</b> address that rate for overtime compensation during holidays or annual leave compensation should be based on work unit as well.	Payroll systems and production based figures show that sewing section workers compensated on a daily minimum wage for calculating holiday or other compensation pay. In accounting log it is called incentive pay, our observations show that this type of compensation is based on piece rate.	Payroll records, production records and worker interviews		A legal interpretation from Thai Labor Ministry is advised to ensure that factory's wage practice is not against the spirit of Thai Labor Protection Act.	4/1/03 for commitment letter, but to be determined for wage calculations and wage payments - pending Thai Labor Ministry's legal interpretation.	Factory submitted a letter to Labor Ministry on 31-Mar-03 to seek legal interpretation on factory's wage practices. The letter explained that although it applies piece rate system, workers would be paid the difference if the achieved target rate is less than the minimum wage + OT premium rates.
<b>9. Hours of Work</b>							
Other	In accordance with <b>FLA Compliance Benchmarks, Wages and Benefits, Hours of Work, and Overtime Compensation</b> : 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 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.	Consistent periods (3 to 4 months per year) of excessive overtime: 65 to 80 hours. Excessive overtime mainly in the packing and embroidery sections.	Payroll records, swipe card read-outs and worker interviews		Factory is required to submit action plan to ensure workers in packing and embroidery sections are not required to work more than 60 hours per week. Additionally, factory must submit to Reebok explanation for all periods when the extraordinary circumstance explanation has been used.	1-Apr-03	Factory developed a policy of no more than 60/hours of work per week. Policy became effective April 1. Policy was announced to workers on April 1, and will be posted in the factory.
<b>10. Overtime</b>							

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PC Follow Up	Completion Date	Documentation
Reebok monitor conducted a training on code elements for [Factory name] and other apparel factories March 26. Factory management attended training. Training for [Factory name's] Welfare Committee conducted April 24. Factory is currently conducting code awareness training to all workers, set between June 19 - July 17. Reebok monitor will follow up factory's training until end of program.	30-Jun-03	Supporting documentation of Reebok's training and factory's training are maintained in Reebok's internal files.
Reebok's local monitor conducted a review of the written policy. Under the policy, factory commits to no urine testing as part of screening process, no interview screening on pregnancy condition, no discrimination for pregnant workers, as well as reasonable accommodation of no overtime work for pregnant workers.	1-Apr-03	A copy of the policy is maintained in Reebok's internal files.
Reebok's local monitor conducted a review of the written policy and the job advertisement.	1-Apr-03	Copies of job advertisement and non-discrimination policy are maintained in Reebok's internal files.

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PC Follow Up	Completion Date	Documentation
Reebok's local monitor conducted a visual inspection of the factory and verified that fire alarms have been appropriately installed.	1-Apr-03	Visual inspection
Reebok's local monitor conducted a visual inspection of the factory and has verified that the factory has completed the corrective action plan.	15-Mar-03	Visual inspection
Reebok's local monitor conducted a visual inspection of factory, reviewed documents, and has verified that these remediation steps have been taken by the factory.	1-Apr-03	Visual inspection. Also, a copy of [Chemical company name's] certification is maintained in Reebok's internal files.

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PC Follow Up	Completion Date	Documentation
<p>1-3. Our local monitor conducted a visual inspection of factory to determine whether proper PPE provided to these individuals, and verified factory provided carbon masks for workers in contact with spot cleaner removal and that appropriate hats and protective shoes provided to 2 cart and forklift operators. Moreover, workers were instructed to wash hands after use of spot cleaner removal.</p> <p>3. Reebok's local compliance staff will continue to follow up on factory's response as needed, to determine if remediation is adequate.</p> <p>4-5. Copies of MSDS are maintained in Reebok's internal files</p> <p>6. Reebok's local compliance staff will follow up with factory's action plan to require adequate remediation.</p>	<p>1-2. 15-Mar-03</p> <p>3. 01-July-03</p> <p>4. 01-Apr-03</p> <p>5. 01-Apr-03</p> <p>30-Nov-03</p> <p>6.</p>	<p>1-2. Visual inspection</p> <p>4. Document review. Copies of MSDS of SABIN 405 and CR120-42 are maintained in Reebok's internal files</p> <p>5. Visual inspection</p>
<p>Reebok's local monitor reviewed documents and has verified that these remediation steps have been taken by the factory.</p>	<p>15-Apr-03</p>	<p>1. Visual inspection. Factory keeps the OSH copies at site.</p> <p>2. Copies of Health and Safety Committee announcement, monthly meeting records, and accident forms with corrective action recommendation, to be filled out by supervisors and safety officer, are maintained in Reebok's internal files.</p>

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PC Follow Up	Completion Date	Documentation
Labor Ministry's Labor and Social Welfare Department issued a reply, dated 18 April 2003, that factory's wage practices are not against the local law's provision. Workers are paid at least minimum wage and OT premium rates. The piece rate system is considered as factory's internal system to measure workers' efficiency.	31-May-03	A copy of letter dated 28 Mar 03, and Ministry's letter dated 18 April are maintained in Reebok's internal files.
Reebok's local monitor reviewed the policy. Under the policy, issued by [the] Managing Director, workers must not work more than 8 hours/day or 48 hrs/week. Overtime work must not exceed 12 hours/week.	1-Apr-03	Copy of Factory's 60hrs/week policy is maintained in Reebok's internal files.