COMPANY: NK Apparel Co., Ltd.
COUNTRY: Thailand
FACTORY CODE: 610074143H
MONITOR: Global Standards
AUDIT DATE: July 27-28, 2009
PRODUCTS: Sports Tops and Sports Bottoms
PROCESSES: Cutting, Sewing, Finishing
NUMBER OF WORKERS: 804
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 familiar with the code standards. The factory has not made a sufficient effort to internalize the code of conduct or communicate it to workers.

Plan Of Action: Communicate the Workplace Standards/Code of Conduct standards in the workplace.

Deadline Date: 11/15/2009

Supplier CAP:
1. Post the Workplace Standards on information boards.
2. Subject the Workplace Standards in orientation program.

Supplier CAP Date: 11/15/2009

Action Taken:
1. The factory posted the Workplace Standards onto all of information boards.
2. HR subjected the Workplace Standards into orientation program for new workers.
3. HR set up the HR Mass Communication to communicate compliance events into workplace.

Plan Complete:

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:** Grievance box procedures were not properly conducted or communicated properly to workers. Currently, senior management manages a portion of this process from a distance (2 hours drive). This interferes with the system.

**Plan Of Action:** Review the grievance procedure to revise the implementation step.

**Deadline Date:** 08/01/2009

**Supplier CAP:**
1. Revise the grievance box procedure.
2. Set up charged persons.
3. Set up the communication method.

**Supplier CAP Date:** 08/01/2009

**Action Taken:** The factory set up:

1. **Grievance box opening:**
   Present: charged persons, representatives of Welfare Committee and HR Manager.
   Opening frequency: twice a month.

2. **Grievance event investigation and decision making:**
   Severe issues will handled by committee. General issues will handled by management.

3. **Grievance event communication:**
   Confidential for severe issues. Set as an agenda item in Welfare Committee Meeting. Mass communication for some general issues.

4. **Grievance event record:**
   Record in format and keep in HR Department.

**Plan Complete:**
Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Noncompliance

Explanation: No special medical testing for workers using chemicals. No health examination reports for employees who work with harmful chemicals. (Form SO. 4), Notification of Ministry of Interior (RE: Working safety relating to harmful chemicals).

Plan Of Action: Set up the special medical testing, special groups and provide the testing. Monitor the result of special medical testing and take corrective action (if any).

Deadline Date: 10/15/2009

Supplier CAP:

1. Set up the special medical testing.
2. Define the special group of employees and put their names on a list.
3. Communicate the testing to all of the workers in the special group.
4. Provide the special medical testing.
5. Monitor the special medical testing result.

Supplier CAP Date: 10/15/2009
Action Taken:  
1. Safety Officer had defined the special group for special medical testing: Maintenance Operators, QC/QA Operators, Spot Cleaning Operator (using solvent T-9)
2. Safety Officer had provided the meeting/training to all of the workers in the special group.
3. Factory had provided the special medical testing on October 10, 2009, by PROLAB Health Checking Center.
4. Safety Officer had checked/monitored the test results and found that all results are "NORMAL."

Plan Complete:

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:  
1. Fire emergency plan not clearly visible. No “You Are Here” markings, no directional arrows for evacuation in each section.
2. Exit arrows worn out, missing in many areas, painted aisles do not follow production. One exit door (B Sewing Section) locked during OT break.
3. Aisles blocked with various materials and machines.
4. The designated staff do not appear to understand the purpose of the evacuation plan or the necessity to communicate it to workers. Notification of Ministry of Interior, Re: Working safety relating to protection and prevention of fire for employees, Chapter 1: General, clause 4.
Plan Of Action: Review the fire protection and evacuation system and provide the training to all concerned.

Deadline Date: 10/31/2009

Supplier CAP: 1. Revise the fire emergency plan.

2. Survey and repair all exit arrows/evacuation ways.

3. Set up the layout audit by CR Section (Safety Officer; bi-monthly frequency).

4. Refresh training about fire evacuation plan.

Supplier CAP Date: 10/31/2009

Action Taken: 1. Safety officer had revised the fire emergency plan by adding the "You Are Here" markings. Add directional arrows for evacuation in all sections.

2. Maintenance Division had repaired all of exit arrows/evacuation ways.

3. CR section/Safety Officer had set up the layout audit together with the safety audit.

4. Factory provided the training about fire protection and evacuation system. HR Director had provided the training to Safety Officer (refresh training). Safety Officer had provided the training to all leaders, supervisor and up. Safety Officer had provided the communication to all workers by "HR Mass Communication."

Plan Complete: 

Plan Complete Date:
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:
1. First aid boxes have items which were missing (e.g., tourniquet, gauze/no usage records maintained). Notification of Ministry of Interior, Re: Prescribing welfare in connection with the health and sanitation of employee, clause 2, 23 basic first aid equipment/pharmaceutical supplies for ten or more employee-workplace.

2. There was no general training in fire fighting conducted in the last year. Notification of Ministry of Interior, Re: Working safety relating to protection and prevention of fire for employees, Chapter 3: Fire fighting.

Plan Of Action:
Review the first aid box system and provide the basic fire fighting training.

Deadline Date:
10/31/2009

Supplier CAP:
1. First aid boxes - Added elastic and bandages for blood stopping in first aid boxes. Train the responsible persons about first aid boxes handling and records. Check stock of equipment/pharmaceuticals in first aid boxes bi-weekly.

2. Provide fire fighting training.

Supplier CAP Date:
10/31/2009

Action Taken:
1. First aid boxes - Factory had supplied elastic and bandages for blood stopping in all first aid boxes. Safety Officer had provided the training to all responsible persons.

2. Factory had provided the basic fire fighting training to the workers (40% of total workers).

Plan Complete:
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:
1. Some containers (spray cans) were not labeled in Thai.
2. Incomplete MSDS for chemicals at the spot lifting station.
3. Improper transfer of chemicals. Workers were found eating their lunch at spray station. Lack of a proper chemical management program in place. Notification of Ministry of Interior (Re: working safety relating to harmful chemicals). Chapter 1, work in relating to harmful chemicals.

Plan Of Action:
Review the chemicals and hazardous substances management system.

Deadline Date: 10/31/2009

Supplier CAP:
1. Review and correct the chemicals and hazardous substances labels.
2. Provide MSDS of Solvent T-9 at spot lifting station.
3. Provide the training about Solvent T-9 usage to the worker (spot lifting station).
4. Provide the visual sign/label “EATING PROHIBITED” at spot lifting station.
5. Communicate about “EATING PROHIBITED AREA” into workplace by HR mass communication.

Supplier CAP Date: 10/31/2009
Action Taken: 1. Safety Officer attached a "Thai language" label onto spray cans.

2. Safety Officer posted the complete MSDS of solvent T-9 at spot lifting station.

3. Safety Officer provided the training to all workers (2 persons) at spot lifting station: usage, transfer, first aid.

4. Safety Officer posted the visual sign/label “EATING PROHIBITED” at spot lifting station.

5. Safety Officer communicated about "EATING PROHIBITED AREA" into workplace by HR mass communication.

Plan Complete:

Plan Complete
Date:

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: MSDS not available for some chemicals. Notification of Ministry of Interior (Re: working safety relating to harmful chemicals) Chapter 1, work in relating to harmful chemicals.

Plan Of Action: Review the chemicals and hazardous substances management system.

Deadline Date: 10/15/2009

Supplier CAP: 1. Checklist all of chemicals used in factory.

2. Contact the vendor/supplier to support MSDS.

3. Post the MSDS both at storage area and using area.

Supplier CAP Date: 10/15/2009
Action Taken: 1. The Safety Officer provided the checklist of chemicals used.
2. The Safety Officer contacted all vendors/suppliers and already got all MSDS.
3. The Safety Officer posted MSDS at all chemical storage and using areas.

Plan Complete:
Plan Complete
Date:

Health and Safety: Other - Health and Safety
Other

Noncompliance


Plan Of Action: Contact the Government Safety Center to track the environment test report.
Deadline Date: 08/05/2009
Supplier CAP: Contact the Safety Center to track the result of the test report.
Supplier CAP Date: 08/05/2009

Action Taken: 1. Safety Center conducted environmental test on July 15, 2009 and the report was established on July 15, 2009.
2. The factory received the report on August 5, 2009.

Plan Complete:
Plan Complete
Date:
**Hours of Work: Overtime/Calculation Over Period Longer Than One Week**

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

**Noncompliance**

**Explanation:** Workers worked in excess of code limits on 3 consecutive weeks (72-76 hours per week). The factory needs to re-evaluate production planning and related staffing procedures.

**Plan Of Action:** Set up and promote the working hour control policy.

**Deadline Date:** 08/10/2009

**Supplier CAP:**
1. Set up the proactive warning report about working hours to Production Director/Factory Manager/Division Manager.
2. Promote the Working Hour Control Policy.

**Supplier CAP Date:** 08/10/2009
Action Taken: 1. The factory set up the proactive warning report about working hours and reported to Production Director/Factory Manager/Division Manager.

   a) Report the risk persons (risk of working over 60 hours a week) to Production Director/Factory Manager/Division Manager in order to manage their working hours. (Data as of every Wednesday and Friday, report will issue within the end of Thursday/Saturday.)

   b) Report bi-monthly to Production Director/Factory Manager/Division Manager in order to manage the working hours for the next month.

2. The factory promoted the working hours policy into workplace:

   a) No OT on Wednesday and Saturday.

   b) As of Wednesday (3 days): Normal work hours less than or equal to 24 hours. OT less than or equal to 6 hours. Total work hours less than or equal to 30 hours.

   As of Friday (5 days): Normal work hours less than or equal to 40 hours. OT less than or equal to 12 hours. Total work hours less than or equal to 52 hours.

Plan Complete:

Plan Complete Date: