

| FLA Audit Profile | |
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| Country | Thailand |
| Factory name | 10037487C |
| IEM | Nike Inc., Nordstrom, Inc., Phillips-Van Heusen |
| Date(s) in facility | 2 |
| PC(s) | Global Standards |
| Number of workers | 2,100 |
| Product(s) | Garment |
| Production processes | Cutting, Sewing, Ironing, Folding, Packing |

| Findings | | | | | | Remediation | | | | Updates | | |
|---|--|---|--|---|--------------------------------------|---|------------------------|---|---|-------------------------------------|--|---------------|
| FLA Code/ Compliance issue | Country Law/Legal Reference | FLA Benchmark | Monitor's Findings | Documentation | Best Practice | PC Remediation plan | Target Completion Date | Factory Response (Optional) | Company Follow Up (Cite Date of Follow Up) | Documentation | Company Follow Up (Cite Date of Follow-up Visit) | Documentation |
| 1. Code Awareness | | | | | | | | | | | | |
| Code Posting/Information | | FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers. | | visual inspection | Codes posted throughout the factory. | | | | | | | |
| 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 are not aware of the code. Although, the factory attempts to train workers - the program is not effective. | worker interviews | | (1) Factory will provide training on Participating Companies Codes of Conduct (CoCs) to new hires and periodically provide training for current workers. (2) The factory should document all training that is provided. | NOV'04 | Factory will retrain workers to be aware of the code by using internal radio. | 01/17/2005 - Although factory has provided CoC training to workers, still found some workers not fully understanding main focus of Nike CoC. | | May 11, 2005 (Ongoing) Some workers still misunderstand CoC with safety and health suggestions, which are printed at back of CoC card. July 29, 2005 (Completed) Formal workers interview and through interviews during PC walkthrough, workers acknowledged their entitled rights and what Nike CoC is about. | |
| 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. | No system in place. | worker interviews and visual inspection | | Nike's objective is to strengthen contract manufacturers' internal grievance systems, so direct involvement by Nike in their employee grievances should be considered last resort. In alignment with Nike's objective to strengthen contract manufacturers' internal grievance processes, 2 pilot educational programs facilitated by local NGOs are underway currently in Indonesia and China. In addition, Nike Compliance staff spend time listening to factory employees during 1-on-1 confidential interviews during in-depth Management Audits. More than 9,000 factory employees were confidentially interviewed by Nike Compliance staff from August 1, 2002 through end of May 2004. Nordstrom: Factory to provide means for workers to communicate questions/ concerns/complaints to management, i.e. confidential suggestion box. Nordstrom is asking factory to establish a formal means for communication and confidential reporting. Nordstrom to evaluate installation of noncompliance reporting tool for workers to contact Nordstrom directly. Evaluation/ installation timeframe tbd. | | | Suggestion boxes are available for factory workers to submit concerns/complaints. The factory opens the boxes weekly. During PC walkthrough, it was observed that Q&A forms for the suggestion boxes were posted. | | | |
| 2. Forced Labor | | | | | | | | | | | | |
| There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise. | | | | | | | | | | | | |
| Record Maintenance | Labor Protection Act, Chapter 9, Section 113: The employees' register shall contain at least the following particulars: name, family... age and other remuneration which employer agrees to pay employees... | | Some employee contracts do not show an agreed upon wage in the contract. | document review | | (1) Factory will review all employee contracts to verify meet requirements of law and include agreed upon compensation and benefits. (2) For employee contracts missing this information, factory should come to an agreement with worker and document in employee contract. | Dec,2004 | Factory will review all contracts and fill missing documents. | 01/17/2005: Factory already revised all worker contracts with consultation and agreement by workers. Wage, starting date, type of employment all identified in each employment contract. | sample of worker's revised contract | | |
| 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. | | | | | | | | | | | | |

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| 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. | | | | | | | | | | | | |
| Verbal Abuse | | Employers will prohibit screaming, threatening, or demeaning verbal language. | Some workers mentioned that their supervisors demeaned verbal abuse. | Worker interviews | | (1) Factory must provide training to supervisors on principals of human respect, fairness and effective communication. | Dec.2004 | Factory will provide training to supervisor on principles of human respect, fairness and effective communication. | 01/17/2005: In October 2004 factory trained all supervisors on good leadership. | Records of attendance and presentation of training on leadership | | |
| 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 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. | Internal request form for new staff specifies age and gender under qualifications. | Internal Employee Request Form | | (1) Recruitment process by factory must solely be based on ability to perform job function, not personal characteristics, such as age and gender. (2) Review all advertisement templates and job application forms to remove discriminatory questions/language. (3) Non-discrimination training should be given to managers and supervisors. | Nov.2004 | Internal request form will delete the requirement for age and gender information. | 1/17/05: Factory already revised internal request form by deleting requirements based on age and gender and has already provided non-discrimination training. | Internal request form without requirement of age and gender | | |
| 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 | Notifications of Ministry of Interior, Notification of Ministry of Interior, Re: Safety at Work in Work related to hazardous Chemicals | 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 the local language or language spoken by majority of the workers if different from local language. | MSDS not available for all chemicals used in the factory. | visual inspection and document review | | (1) Factory should post MSDS prominently for all chemicals used in the factory. (2) Factory will provide hazardous materials handling training for employees that work near or with these chemicals during orientation and also conduct refresher training for current workers periodically. | Sep,04 | Factory will provide MSDS for all chemical users. | 01/17/2005: MSDS is provided in all chemical rooms, including cleaning spot and chemical storage room. MSDS training was provided for all workers who handle the chemicals. | MSDS Posting at Factory | | |
| PPE | Notification of Ministry of Interior. RE: Labor Protection, Notification of the Ministry of Interior, Notification of the Ministry of Interior, Safety at Work related to Hazardous Chemicals | 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. | PPE provided, but some workers are not regularly using it. | visual inspection | | (1) Factory should train workers on the reason for PPE use, how to use it correctly and risks associated. (2) Factory should post diagrams in language spoken by workers for correct usage of PPE in all areas where activities are conducted and PPE is required. (3) Factory should instruct supervisors to require all workers to wear proper PPE. | Sep'04 | Factory will inform workers to use PPE while working and will ask supervisor to help checking on PPE wearing. | 01/17/2005: Factory has provided and trained workers on PPE usage. However is still found that some workers who temporarily come to clean stains at cleaning spot area not wearing PPE although it is hung on wall and factory still needs to post PPE diagrams. Also, worker in charge of transmitting chemicals from storage room not using gloves and goggles. | Orientation training on safety and PPE usage | May 11, 2005 (Ongoing) Some workers could not demonstrate how to wear earplugs correctly. July 29, 2005 (Closed) Factory provides earplugs for workers at cutting and cleaning, even test results show that decibels are lower than threshold. Workers said they were trained on PPE. They could demonstrate correctly how to wear earplugs. | |
| Chemical Management | Notification of Ministry of Interior. RE: Labor Protection, Notification of the Ministry of Interior, Notification of the Ministry of Interior, Safety at Work related to Hazardous 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 PPE provided at the Chemical storage. MSDS only provided for some chemicals only. Unused containers stored haphazardly. | visual inspection and document review | | (1) PPE: Factory must provide appropriate PPE to workers in chemical storage area. (2) MSDS: Factory must post MSDS prominently for all chemicals used. (3) Safe Handling of Chemicals: Factory must store unused chemical containers segregated by hazard class and incompatibility. (4) Training: Provide hazardous materials storage and handling training to all new hires during orientation and conduct refresher training for current workers periodically. | Sep,04 | Factory will provide PPE at chemical storage and MSDS for all chemical uses and also will take out used containers stored haphazardly. | 1/17/05: MSDS and masks provided, but factory needs to provide gloves and goggles to workers in chemical storage room. No unused containers found during follow-up visit. Factory said that all unused containers will be returned to suppliers. | Sample of hazardous chemical training in attachment. | May 11, 2005 (Ongoing) Gloves and goggles are provided in storage room. 1 worker at cleaning spot of sewing 3 and worker at laminating work without PPE and both of them don't understand MSDS. (Remark: workers at other point of cleaning spot wear PPE and acknowledge MSDS.) July 29, 2005 (Closed) No longer have informal set up cleaning spot at sewing 3. All dirty fabric needs to be cleaned at specific cleaning spot rooms nearby sewing X and X, where PPE and MSDS provided, have ventilation hoods, and have only well-trained workers, who are assigned for cleaning, operate jobs. | |

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| Ventilation/Electrical/Facility Maintenance | Notification of Ministry of Interior, Re: Safety at Work in Work related to Electricity | All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility. | Ventilation in some of the sewing area is deficient. | visual inspection and worker interviews | | (1) Factory must improve ventilation and conduct indoor air quality testing so air quality meets local standards. (2) Factory must provide medical check up for workers annually. | Dec'04 | Increase good ventilation in sewing area by regular maintenance. | 1/17/05: During FLA visit air condition in sewing area was broken. Now air condition has been fixed and ventilation in working areas on follow-up date is at a comfortable level. In fact, factory has annual workplace check up, which includes light, sound, and heat checking. But, for year 2005, factory will add dust testing as well. The request to conduct testing has already been submitted to occupational health and safety institute. | Letter dated January 10, 2005 asking occupational health and safety institute to conduct dust, light, noise, heat at factory. | May 11, 2005 (Closed) Test result from occupational health and safety institute showed that dust volume in workplace from 8 spot checks: sewing and cutting didn't exceed local standard. | |
| Sanitation in Facilities | Ministerial regulation No 2 (BE 2535) according to Factory Act BE2535 Chapter 1 Clause 5 (12B) For multi-storey factory, lavatory shall be placed in every floor adequately. | All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws. | On the upper floors of the factory (cutting side) no toilets provided. The number of drinking water stations is not sufficient for the number of workers on first floor of Sewing Building. | visual inspection | | (1) Toilets: Law states factory has to provide toilets on every floor of building that has workers operating, where necessary and appropriate; however, it is not compulsory. In this case, factory requested municipality to add toilets on each floor of cutting building, but was informed they cannot change building structure since it is an old building. Overall, number of toilets at this factory is much higher than law requires. (2) In case of pregnant workers working on 2nd through 4th floors, factory should move them to 1st floor. (3) Drinking Water: Factory must install more drinking stations as required by law. | NOV'04 | (1) For toilet: Due to structure of building, factory cannot build toilets on each floor of cutting building. (2) Factory will move pregnant workers to 1st floor. (3) For increase in drinking water stations: Factory is still in process of buying new stations. | 1/17/05: Still found 1 pregnant worker working on 3rd floor of cutting building. Factory will move her to 2nd floor. On 2nd floor there is a connecting path to sewing building, where workers can use restroom. In both sewing areas 1 and 4 the factory replaced old water drinking stations that only had 2 fountains with stations that now have 4 fountains. | | May 11, 2005 (Ongoing) Found 2 pregnant workers on 3rd floor. 1 said she came to pick up some stuff and actually worked on 2nd floor. For the other one, her supervisor said she just informed of her pregnancy on this day and will move to 1st or 2nd after formal informing. (Remark: Both worker and supervisor at cutting department acknowledge pregnant workers are allowed to work on 1st and 2nd floors only) July 29, 2005 (Closed) Not found pregnant workers work higher than 2nd floor of cutting building. All of workers and supervisor acknowledge that pregnant workers at cutting building need to move to 2nd floor. Please note 1st floor of this building is factory canteen. | |
| 7. Freedom of Association and Collective Bargaining | | | | | | | | | | | | |
| Employers will recognize and respect the right of employees to freedom of association and collective bargaining. | | | | | | | | | | | | |
| | LPA A.D. Chapter 7, Section 96: In business establishments where there are 50 or more employees, employer shall arrange to have a welfare committee in such business establishment which shall consist of at least 5 representatives of employees. Committee shall be elected and performed in every 2 years... | | The current welfare committee was appointed, not elected in last 3 years. | | | Factory will hold elections for the welfare committee representatives as required by law. | | Factory already held welfare committee election on December 4, 2004. | 01/17/2005: Welfare committee election was set on December 04 and first meeting is already set. | Welfare committee election and letter sending to labor department on the result of election | | |
| 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 mandated benefits. | | | | | | | | | | | | |

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| 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. | It was found that from March through August, the average working hours per week were between 62 to 69 total hours. | document review | | Participating Companies advise: Factories total work hours, including overtime, must not be in excess of 60 hours per week on a regularly scheduled basis. Factory must control working hours to within the 60 hours per week limit. | Jan'05 | Factory plan to reduce work hour to 60 hours per week within January 2005. | 01/17/2005: Still found that working hours during October-December 2004 exceeded 60 hours a week. Factory working on improving time controls and plans to reduce work hours to 60 hours a week in January 2005 since factory will apply for certification of Thai labor standard. | | May 11, 2005 (Ongoing) From January - April 2005, found 2 weeks (end of March and beginning of April) where workers worked 65 hours a week. Rest of the weeks were controlled under 60 hours a week. July 29, 2005 (Closed) Work hour checking from various departments focusing on finishing and packing during June 1 - July 28, did not find any workers working more than 60 hours a week. | |
| 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. | | | | | | | | | | | | |
| OT Compensation | LPA A.D. 1998 Chapter 5, Section 61; In case employer requires employee work OT on working day, employer shall pay OT pay at rate of not less than one and a half times the rate of hourly wage of normal working hours for hours of OT, or not less than one and a half times the rate of each work unit performed on a working day for employees who receive wages calculated on a work unit performed basis. | The factory shall comply with applicable law for premium rates for overtime compensation. | For sewing department, factory uses piece rate calculation. Factory calls piece rate system "incentive." This is done so factory can calculate OT or other compensation using worker's base or minimum wage rather than calculating OT at piece rate (as actual hourly rate for productive workers much higher than base rate.) Furthermore, rather than calculating leave, sick days and paid holidays based on worker's actual daily compensation, Thai minimum wage used as compensation. (I.e., worker's regular income is 300 baht per day based on what factory calls an incentive system, but if take leave compensation is 170 baht for that day. Please refer to Labor Protection Act, Section 61 (Column A). | document review | | A legal interpretation from Thai Labor Ministry is requested to clarify whether or not the factory's wage practice is in accordance with Thai Labor Protection Act. | Feb'05 | Factory confirms that factory wage pay complies with Thai Labor Law. Factory will write letter to Labor Ministry to clarify on payment. | 02/10/2005: Factory sent letter to labor department December 2, 2004 asking whether wage payment system complies with Thai law. On December 12, 2004, factory manager and compliance manager went to labor department to provide more explanation on payment system as asked by labor officer. Now factory's still waiting for response back from labor department. Whatever outcome is, factory confirms to follow. | | May 11, 2005 (Ongoing) Factory is still waiting for answer from labor ministry. July 29, 2005 (Ongoing) Still did not get a response letter from Labor Ministry. August 17, 2005 (Ongoing) Still not get response back from labor officers. October 10, 2005 (Ongoing) Still did not get a response letter from Labor Ministry. | |
| OT Compensation for Piece | LPA A.D. 1998 Chapter 5, Section 61; In case employer requires employee work OT on working day, employer shall pay OT pay at rate of not less than one and a half times rate of hourly wage of normal working hours for hours of OT, or not less than one and a half times rate of each work unit performed on a working day for employees who receive wages calculated on a work unit performed basis. | Where workers are paid on a piece rate, the payment for overtime work performed shall result in no less payment than the premium pay required by law. | The piece rate workers do not receive premium pay during OT as required by the law. | document review | | A legal interpretation from Thai Labor Ministry is requested to clarify whether or not the factory's wage practice is in accordance with Thai Labor Protection Act. | Feb'05 | Factory confirms that factory wage pay complies with Thai Labor Law. Factory will write letter to Labor Ministry to clarify on payment. | 02/10/2005: Factory sent letter to labor department December 2, 2004 asking whether wage payment system complies with Thai law. On December 12, 2004, factory manager and compliance manager went to labor department to provide more explanation on payment system as asked by labor officer. Now factory's still waiting for response back from labor department. Whatever outcome is, factory confirms to follow. | | May 11, 2005 (Ongoing) Factory is still waiting for answer from labor ministry July 29, 2005 (Ongoing) Still not get response letter from Labor Ministry. August 17, 2005 Still not get response back from labor officers. October 10, 2005 (Ongoing) Still did not get a response letter from Labor Ministry. | |
| Miscellaneous | | | | | | | | | | | | |