



COMPANIES: Delta Galil Industries Ltd.  
COUNTRY: Thailand  
ASSESSMENT DATE: 08/11/16  
ASSESSOR: FLA China  
PRODUCTS: Apparel  
NUMBER OF WORKERS: 896

## Understanding this Assessment Report

This is a report of a workplace assessment conducted by Fair Labor Association assessors following FLA's Sustainable Compliance methodology (SCI), which evaluates a facility's performance in upholding fair labor standards through effective management practices throughout the entire employment life cycle.

This report identifies violations and risks of noncompliance with the Fair Labor Association Workplace Code of Conduct in its assessment of the employment functions, and includes a description of the root causes of violations, recommendations for sustainable and immediate improvement, and the corrective action plan for each risk or violation as submitted by the company. This document is not a static report; rather, it reflects the most recent progress updates on remediation in the "Progress Update" section for each finding.

## Summary of Code Violations

Companies that join the FLA agree to uphold the FLA Workplace Code of Conduct throughout their entire supply chain. The Code of Conduct is based on International Labour Organization (ILO) standards, and defines labor standards that aim to achieve decent and humane working conditions.

While it is important to note when violations of the FLA Workplace Code of Conduct occur, the purpose of these assessments is not simply to test compliance against a particular benchmark, but rather to develop an understanding of where and how improvements can be made to achieve sustainable compliance. Code of Conduct violations can be found throughout the course of an assessment of the employment and management functions, and are addressed in companies' action plans.

FLA Code Element	Violations
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## Findings and Action Plans

### FINDING NO.1

#### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Training (Macro)

##### Finding Explanation

- 1.The two-hour orientation training provided to new workers does not cover Human Resources (HR) policies or provide adequate information to workers regarding Compensation, Hours of Work, or Grievance System. Furthermore, workers are not provided with training materials, including the FLA Workplace Code, during the orientation training.
- 2.Although factory management has trained workers and supervisors on the Worldwide Responsible Accredited Production (WRAP) standards and the FLA-affiliate's Code of Conduct, neither workers nor supervisors have received any training on the FLA Workplace Code and Benchmarks.
- 3.The factory does not provide specific, detailed training to supervisors on the following Employment Functions: Recruitment, Hiring & Personnel Development; Termination & Retrenchment; Industrial Relations; and Workplace Conduct & Discipline.
- 4.Workers do not receive ongoing training on Retrenchment.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.2, ER.15.1, ER.15.3, ER.16, ER.17, and ER.27)

##### Root Causes

- 1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks.
- 2.The lack of training on the FLA Workplace Code has not been brought to the attention of the factory management during previous audits.
- 3.Management does not recognize the benefits of training new workers.

- 4.Management does not recognize the benefits of specific, detailed supervisor training.
- 5.Management does not recognize the benefits of ongoing training for workers.

#### FLA's Recommendations for Sustainable Improvements

- 1.Establish an orientation training program that provides adequate information on all Employment Functions. Provide workers with orientation training materials that cover all aspects of orientation training, as well as a copy of the FLA Workplace Code.
- 2.Train workers and supervisors on the FLA Workplace Code and Benchmarks.
- 3.Provide specific training to supervisors on Recruitment, Hiring & Personnel Development, Retrenchment & Termination, Industrial Relations, and Workplace Conduct & Discipline.
- 4.Provide ongoing training to workers on Retrenchment.

### COMPANY ACTION PLANS

1. Factory will establish an orientation training program that provides adequate information on all Employment Functions. Provide workers with orientation training materials that cover all aspects of orientation training, as well as a copy of the FLA Workplace Code.  
Factory will train workers and supervisors on the FLA Workplace Code and Benchmarks.  
Factory will provide specific training to supervisors on Recruitment, Hiring & Personnel Development, Retrenchment & Termination, Industrial Relations, and Workplace Conduct & Discipline.  
Factory will provide ongoing training to workers on Retrenchment.

Action plan status: Completed

Progress update: Factory add the missing subject in the training program. Factory has provide specific training to supervisors.

Completion date: 06/28/17

## FINDING NO.2

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

- 1.There are no policies or procedures on Recruitment, Hiring & Personnel Development, including policies and procedures on the Recruitment of migrant workers.
- 2.As there are no policies and procedures on Recruitment, Hiring & Personnel Development, there is no regular review or updates per local law and the FLA Code.
- 3.The factory communicates some information on Recruitment, Hiring & Personnel Development practices to the general workforce, but the information is not detailed.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.7, ER.28, ER.29, and ER.30)

##### Root Causes

- 1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks.
- 2.The factory underestimated the risk of foreign migrant worker issues.
- 3.The lack of policies and procedures on Recruitment, Hiring & Personnel Development have not been brought to the attention of the factory management during previous audits.

##### FLA's Recommendations for Sustainable Improvements

- 1.Establish policies and procedures on all aspects of Recruitment, Hiring & Personnel Development.
- 2.Establish and implement a procedure for the regular review and update of the Recruitment, Hiring & Personnel Development policies and procedures.
- 3.Communicate the Recruitment, Hiring & Personnel Development policies, procedures, and updates to the general workforce in detail.

### COMPANY ACTION PLANS

1. Factory will establish policies and procedures on all aspects of Recruitment, Hiring & Personnel Development.  
Factory will establish and implement a procedure for the regular review and update of the Recruitment, Hiring & Personnel Development policies and procedures.  
Factory will communicate the Recruitment, Hiring & Personnel Development policies, procedures, and updates to the general workforce in detail.

Action plan status: Completed

Progress update:

Factory has establish policies and procedures on all aspects of Recruitment, Hiring & Personnel Development.  
Factory has establish and implement a procedure for the regular review and update of the Recruitment, Hiring & Personnel Development policies and procedures.  
Factory has communicate the Recruitment, Hiring & Personnel Development policies, procedures, and updates to the general workforce in detail.

Completion date: 06/28/17

## FINDING NO.3

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Recruitment, Hiring & Personnel Development

##### Finding Explanation

1. The Labor Department requires migrant workers from Myanmar to undergo a health examination upon hiring, which includes testing for pregnancy, lymphatic filariasis, leprosy, tuberculosis, syphilis, drug use, and alcoholism. Pregnancy test results are reflected in workers' health examination reports. This health examination is also required when applying for a work permit extension.
2. The factory has a workforce of 925 workers, including 88 migrant workers from Myanmar who were recruited through a recruitment agency and employed as contractors; these workers have to pay recruitment fees themselves. This amount is deducted from each paycheck at THB 1,000 (USD 28) every two weeks. The total cost of recruitment fees is about THB 10,000-18,000 (USD 280-500) per person, depending on their specific fees. These fees include medical tests (THB 500-600 (USD 14.35-17.22)), work visas (THB 500 (USD 14.35)), two-year work permit fees (THB 1,900 (USD 54.52)), the cost of international travel (cost unspecified), passport fees (cost unspecified), and the recruitment agent's commission (cost unspecified). Neither the recruitment agency nor the factory could provide a full breakdown of these fees.
3. The job application forms include questions requiring information on marital status, weight, height, age, pregnancy status, religion, prisoner status, number of children, educational level, and name of family members, posing a serious risk of discrimination during the recruitment process.
4. The job advertisement posted at the security house in front of the factory specifically requests that the applicants for the industrial engineering officer position be 30 years or older, and that the applicants for the cutting and "move cutting" position be male.
5. The probation period for new workers' lasts 119 days. While the duration of the probation period does not violate local labor law, it does not meet the FLA limit of a three month probationary period.
6. The factory does not have a direct employment relationship with workers hired through the recruitment agency. The recruitment agency pays these workers. The factory does not have a system to verify the payments made to these workers.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.3, ER.5, ER.6; Forced Labor Benchmark F.7; Compensation Benchmark C.3; Non-Discrimination Benchmarks ND.2, ND.3, ND.4, ND.5, ND.6, and ND.7)

##### Root Causes

1. The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements.
2. These issues have not been brought to the attention of the factory management during previous audits.
3. The factory underestimated the risk of foreign migrant worker issues.
4. Factory practices are in line with local law and regulations, but are in violation of FLA requirements.
5. The factory does not adequately monitor the implementation of recruitment and employment practices such as job advertisements.

##### Recommendations for Immediate Action

1. Do not review health examination reports until after hiring in order to ensure that pregnancy test results are not used to discriminate against pregnant workers. Do not maintain pregnancy test results in workers' personnel files.
2. Cease collecting recruitment fees from foreign migrant workers. The factory should cover all recruitment costs and fees that might be incurred, including travel expenses, visas, work permits, change of employer, document verification, health examination, processing, and work permit renewal fees. Work with the recruitment agency in Myanmar and Thailand to determine the total cost of fees paid by the migrant workers and retroactively reimburse migrant workers for any recruitment fees they paid during the last 12 months.
3. Remove questions regarding marital status, weight, height, age, pregnancy status, religion, prisoner status, number of children, educational level, and name of family members from job application forms. This information, if needed, can be collected after the recruitment process is completed. Ensure that this information is not used to discriminate against workers at any point during their employment.
4. Remove gender and age requirements from job advertisements.
5. Ensure probationary periods do not exceed three months.

##### FLA's Recommendations for Sustainable Improvements

Pay workers hired through the recruitment agency directly.

## COMPANY ACTION PLANS

1. Factory will not review health examination reports until after hiring in order to ensure that pregnancy test results are not used to discriminate against pregnant workers. Factory will not maintain pregnancy test results in workers' personnel files.

Action plan status:	Completed
Progress update:	Factory will not review health examination reports until after hiring in order to ensure that pregnancy test results are not used to discriminate against pregnant workers. Factory will not maintain pregnancy test results in workers' personnel files.
Completion date:	06/28/17

2. Factory will cease collecting recruitment fees from foreign migrant workers. The factory will cover all recruitment costs and fees that might be incurred, including travel expenses, visas, work permits, change of employer, document verification, health examination, processing, and work permit renewal fees. Factory will work with the recruitment agency in Myanmar and Thailand to determine the total cost of fees paid by the migrant workers and retroactively reimburse migrant workers for any recruitment fees they paid during the last 12 months.

Action plan status:	In progress
Progress update:	Factory has cease collecting recruitment fees from foreign migrant workers. Factory has work with the recruitment agency in Myanmar and Thailand to determine the total cost of fees paid by the migrant workers and retroactively reimburse migrant workers for any recruitment fees they paid during the last 12 months. Factory has start to reimburse the recruitment fees to all migrant workers starting September 2016, 500 THB / month. Then increase to 1000 THB / month starting on February 2017.

3. Factory will remove questions regarding marital status, weight, height, age, pregnancy status, religion, prisoner status, number of children, educational level, and name of family members from job application forms. Factory will ensure that this information is not used to discriminate against workers at any point during their employment.

Action plan status:	Completed
Progress update:	Factory has remove questions regarding marital status, weight, height, age, pregnancy status, religion, prisoner status, number of children, educational level, and name of family members from job application forms. Factory has ensure that this information is not used to discriminate against workers at any point during their employment.
Completion date:	06/28/17

4. Factory will remove gender and age requirements from job advertisements

Action plan status:	Completed
Progress update:	Factory has remove gender and age requirements from job advertisements
Completion date:	06/28/17

5. Factory will ensure probationary periods do not exceed three months.

Action plan status:	Completed
Progress update:	Factory has change contract and indicate 90 days probation period.
Completion date:	06/28/17

6. Factory will transfer all migrant workers from agent to be under employment of the factory and pay workers directly.

Action plan status:	Completed
Progress update:	Factory has transfer all migrant workers from agent to be under employment of the factory and pay workers directly.
Completion date:	06/28/17

## FINDING NO.4

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Termination & Retrenchment

##### Finding Explanation

1. There are no policies or procedures on Retrenchment.
2. As there are no policies and procedures on Retrenchment, they are not reviewed regularly or updated per local law and the FLA Code.
3. The factory does not communicate with the general workforce on Retrenchment.
4. The company regulation states that workers should refer to their employment contracts regarding the retirement age. However, workers' employment contracts do not reflect a specific retirement age. Thus, workers do not know when they are able to retire.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.1, ER.1.3, ER.16, ER.19, and ER.32)

### Root Causes

- 1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks.
- 2.These issues have not been brought to the attention of the factory management during previous audits.
- 3.There is no specific law enforce the factory to specific the retirement age on hiring.
- 4.The factory does not want to provide the severance pay the worker after retirement.

### Recommendations for Immediate Action

- 1.Establish and implement policies and procedures on all aspects of Retrenchment.
- 2.Establish and implement a procedure for the regular review and update of the Retrenchment policies and procedures.
- 3.Communicate the Retrenchment policies, procedures, and updates to the general workforce.
- 4.Ensure that the retirement age is mentioned in the company regulation or workers' employment contracts, and cover this information during worker training.

## COMPANY ACTION PLANS

1. Factory will establish and implement policies and procedures on all aspects of Retrenchment and regular review and update policies and procedures.

Factory will communicate the Retrenchment policies, procedures, and updates to the general workforce.

Action plan status:

Completed

Progress update:

Factory has establish and implement policies and procedures on all aspects of Retrenchment and regular review and update policies and procedures.  
Factory has communicate the Retrenchment policies, procedures, and updates to the general workforce.

Completion date: 06/28/17

2. Factory will ensure that the retirement age is mentioned in the company regulation or workers' employment contracts, and cover this information during worker training.

Action plan status: In progress

Progress update: Factory will raise this subject and put in CBA this year as it's require workers agreement to change working condition.

## FINDING NO.5

## SUSTAINABLE IMPROVEMENT REQUIRED

### FINDING TYPE: Industrial Relations

#### Finding Explanation

- 1.Workers are not provided a copy of the Collective Bargaining Agreement (CBA), but it is posted on prominent information bulletin boards in each working department. However, the CBA is not posted in all of the workers' languages (Burmese).
- 2.There are no migrant worker representatives on the Welfare/Employee and Occupational Health & Safety Committees.
- 3.The factory communicates general information on the Industrial Relations policy and procedures to the general workforce, but the information is not detailed.

### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.16)

### Root Causes

- 1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks.
- 2.The findings noted above have not been brought to the attention of factory management during previous external audits.
- 3.The factory underestimated the importance of migrant worker participation in the worker committees.

### FLA's Recommendations for Sustainable Improvements

- 1.Provide a copy of the CBA to all workers and post a copy on the bulletin boards in all workers' languages.
- 2.Update the Welfare/Employee and Occupational Health & Safety Committee procedures to ensure migrant worker participation.
- 3.Communicate the Industrial Relations policy, procedures, and updates to the general workforce in detail.

## COMPANY ACTION PLANS

1. Factory will provide a copy of the CBA to all workers and post a copy on the bulletin boards in all workers' languages. Factory will add migrant representative in the Welfare/Employee and Occupational Health & Safety Committee procedures to ensure migrant worker participation. Factory will communicate the Industrial Relations policy, procedures, and updates to the general workforce in detail.

Action plan status:	Completed
Progress update:	Factory has provide a copy of the CBA to all workers and post a copy on the bulletin boards in all workers' languages. Factory has add migrant representative in the Welfare/Employee and Occupational Health & Safety Committee procedures to ensure migrant worker participation. Factory has communicate the Industrial Relations policy, procedures, and updates to the general workforce in detail.
Completion date:	06/28/17

## FINDING NO.6

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Workplace Conduct & Discipline

##### Finding Explanation

1. Based on worker interviews, there are concerns about not meeting production targets. According to reviewed disciplinary records, workers receive a verbal warning and a warning letter when they are not able to meet a production target.
2. In cases where there are rush productions, workers experience verbal abuse from supervisors to push workers to meet production deadlines.
3. The factory does not have procedures on how employees can appeal disciplinary actions taken against them.
4. The Workplace Conduct & Discipline procedures do not specify the disciplinary actions that should be taken for all infractions, including the steps for disciplining supervisors who harass or abuse workers. There is also no oversight mechanism in place to ensure that management does not engage in harassment, abuse, or discrimination against employees when implementing disciplinary measures.
5. Worker representatives are not involved in the development or review of the Workplace Conduct & Discipline policies and procedures.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3, ER.25, and ER.27; Harassment or Abuse Benchmark H/A.5)

##### Root Causes

- 1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements.
- 2.The findings noted above have not been brought to the attention of factory management during previous external audits.
- 3.The factory thought that their production targets and incentive system was functioning well.
- 4.The factory does not monitor the relationship between workers and supervisors.
- 5.The factory does not monitor the implementation of disciplinary procedures.

##### Recommendations for Immediate Action

- 1.Establish clear guidelines on the calculation and setting of reasonable production targets. When workers are unable to meet targets, provide guidance and training to improve worker's productivity rather than issuing verbal and written warnings.
- 2.Do not use verbal abuse as a means to maintain labor discipline. Train supervisors on the disciplinary system and establish a system to discipline supervisors who harass or abuse workers. Obtain a commitment from all management level employees that they will not harass or abuse workers.

##### FLA's Recommendations for Sustainable Improvements

- 1.Establish and implement an appeal procedure so that workers can appeal disciplinary actions taken against them. Train workers on these new procedures.
- 2.Ensure that there is management oversight mechanism in place to avoid harassment, abuse, and discrimination against employees when implementing disciplinary measures.
- 3.Involve worker representatives in the development and review of all policies and procedures.

### COMPANY ACTION PLANS

1. Factory will establish and implement an appeal procedure so that workers can appeal disciplinary actions taken against them. Factory will train workers on these new procedures. Management will oversight mechanism in place to avoid harassment, abuse, and discrimination against employees when implementing disciplinary measures. Factory will involve worker representatives in the development and review of all policies and procedures by appoint one person from the committee.

Action plan status:	Completed
Progress	Factory has establish and implement an appeal procedure so that workers can appeal disciplinary actions taken against them. Factory has

update: train workers on these new procedures. Management will oversight mechanism in place to avoid harassment, abuse, and discrimination against employees when implementing disciplinary measures. Factory has involve worker representatives in the development and review of all policies and procedures by appoint one person from the committee.

Completion date: 06/28/17

## FINDING NO.7

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Grievance System

##### Finding Explanation

- 1.The factory does not involve any worker representatives in the development or review of the Grievance System policies and procedures.
- 2.Worker representatives are not included in the evaluation of the grievances collected. Grievances are handled solely by management. This has led workers to not trust the grievance system.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmarks ER.1.3 and ER.25)

##### Root Causes

- 1.The factory is not fully aware of the requirements embodied in the FLA Workplace Code and Compliance Benchmarks. Thus, some of their procedures and policies do not fully meet FLA requirements.
- 2.When it created the disciplinary procedure, the factory underestimated the roll of the Grievance System and the need for the participation of worker representatives.
- 3.The findings noted above have not been brought to the attention of factory management during previous external audits.

##### FLA's Recommendations for Sustainable Improvements

- 1.Involve worker representatives in the development and review of all policies and procedures.
- 2.Include worker representative in the grievance evaluation and remedy processes.

### COMPANY ACTION PLANS

1. Factory will involve worker representatives in the development and review of all policies and procedures. Factory will appoint worker representative in the grievance evaluation and remedy processes.

Action plan status:	Completed
Progress update:	Factory has involve worker representatives in the development and review of all policies and procedures. Factory has appoint worker representative in the grievance evaluation and remedy processes.
Completion date:	06/28/17

## FINDING NO.8

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Environmental Protection

##### Finding Explanation

1. The sink in the maintenance shop area drains directly into the rain gutter.
2. Oil contaminated water from the air compressor pump (located behind the production building) drains directly into the rain gutter.
3. The factory blueprint does not show a drainage system, so assessors were unable to verify that contaminated wastewater is properly disposed of. For example, the blueprint does not show whether the canteen area and domestic waste water drainage system is connected to the Bangpa- In IEAT central waste system or if it drains directly into the rain gutter. The factory management assumed that all drain pipes and the rain gutter flowed to the Bangpa-In IEAT system.
4. The used oil storage area is not protected from the elements. The storage area is located outdoors in a cage-like enclosure with large gaps between the metal bars. Rainwater could easily enter the enclosure and wash any spilled oil into the storm drain. Indeed, assessors found that oil had spilled out of the oil containers onto the floor of the storage area while being transported.
5. The secondary containment for the oil containers in the storage area is not 110% of the capacity of the main storage container.
6. The factory has two electrical transformers with a total of 1,300 KVA (500 KVA and 800 KVA respectively), but an Energy Conservation

Program has not been implemented as required by law.

#### Local Law or Code Requirement

The Industrial Estate Authority of Thailand (IEAT) Regulation no. 78/2554 on the Rules of Wastewater Discharged to the Central Treatment in Industrial Estate. Item 3 (2); The Energy Conservation Promotion ACT. B.E. 2535; The Royal Decree on Designated Factory B.E. 2540 (1997), Section 3; FLA Workplace Code (Employment Relationship ER.31; Health, Safety & Environment Benchmarks HSE.1 and HSE.9)

#### Root Causes

1. There is an overall lack of awareness and identification of environmental risks.
2. The factory is unaware of legal requirements.
3. There is no system for the inspection of oil storage areas, or the maintenance area, air compressor, and canteen, for potential oil-contamination.
4. The issues listed above have not been brought to the attention of factory management during previous external audits by local authorities or brands.
5. The factory lacks awareness of legal and FLA requirements on environmental protection.
6. There is an overall lack of monitoring and implementation regarding Energy Conservation and relevant laws.
7. The factory lacks the manpower and resources to properly monitor and reduce energy consumption.

#### Recommendations for Immediate Action

- 1.Ensure that the waste from the hand washing station in the maintenance shop is discharged into the Bangpa-In Industrial Estate Authority of Thailand (IEAT) central waste system.
- 2.Ensure that oil-contaminated water from the Air Compressor pump is discharged into central waste of Bangpa-In IEAT.
- 3.Request the drainage system blueprints from Bangpa-In IEAT and confirm with Bangpa-In IEAT that no contaminated wastewater is discharged into the rain gutter. If wastewater is being discharged to the rain gutter, connect the drainage system to the Bangpa-In IEAT central waste system or install a wastewater treatment system and treat all wastewater before discharging it into the rain gutter.
- 4.Improve the oil storage area to prevent oil from spreading out from secondary containment, and prevent storm rain from leaching oil into the storm drain system. Create guidelines for oil transfers to ensure that oil does not spill on the floor and leach into the storm drain.

#### FLA's Recommendations for Sustainable Improvements

- 1.Update Environmental Protection policies and procedures to ensure that they comply with legal requirements and the FLA Code.
- 2.Promote Environmental Protection in the factory by implementing a reward and recognition system.
- 3.Allocate the necessary resources to the Environmental management system and clearly define the roles and responsibilities of the environmental staff.
- 4.Contact the department of Alternative Energy Development and Efficiency, Ministry of Energy to process all energy management system documents and implement an Energy Conservation Program in compliance with the applicable laws.
- 5.Ensure there is a trained staff member who can monitor and implement environmental requirements.

## COMPANY ACTION PLANS

1. Factory will move drain pipe of sink and water from air compressor pump to waste water drainage system.

Action plan status: Completed

Progress update: Factory had move drain pipe of sink and water from air compressor pump to waste water drainage system.

Completion date: 06/28/17

2. Factory blueprint show waste water drainage system separate from rain gutter.

Action plan status: Completed

Progress update: Factory blueprint show waste water drainage system separate from rain gutter.

Completion date: 06/28/17

3. Factory will improve the oil storage area to prevent oil from spreading out from secondary containment, and prevent storm rain from leaching oil into the storm drain system. Factory will create guidelines for oil transfers to ensure that oil does not spill on the floor and leach into the storm drain.

Action plan status: Completed

Progress update: Factory has improve the oil storage area to prevent oil from spreading out from secondary containment, and prevent storm rain from leaching oil into the storm drain system. Factory has create guidelines for oil transfers to ensure that oil does not spill on the floor and leach into the storm drain.

Completion date: 06/28/17

#### 4. Factory will create Energy Conservation Program.

Action plan status: Completed

Progress update: Factory has Energy Conservation Program by turn off the light and aircondition system during lunch time 1 hour.

Completion date: 06/28/17

## FINDING NO.9

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

1. Electrical wiring in the canteen and warehouse are spliced with plastic tape and there are no junction boxes installed to enclose wire connections and prevent fire.
2. There is an electrical plug located above the cooking area, which poses a risk of fire or electrocution, as the plug is exposed to steam, oil, heat, and flames.
3. The wire and welding handle on the electrical welding machine in the maintenance section are damaged, posing a risk of electrocution.
4. Management has not yet installed a lightning protection system in the factory, as required by the results of the third-party building inspection report conducted in 2015.
5. The factory has not implemented a lockout/tagout program.
6. The factory does not have a work permit for work at heights.
7. The factory does not have any fall protection equipment (e.g. helmets and ropes) for workers who work at heights.

##### Local Law or Code Requirement

Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Work Environment in Electrical Work B.E. 2558 Section 1: General, Clause 11; The Notification of MOL, B.E. 2558: OHSE Standard for Electrical System, Clause 3, Item 20; Ministerial Regulation (MOL) on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Work Environment in Electrical Work B.E. 2558, Section 2: Electrical device and transformer, Clause 15; FLA Workplace Code (Health, Safety & Environment Benchmarks HSE.1, HSE.4, HSE.7, HSE.13, and HSE.14)

##### Root Causes

1. These issues have not been brought to the attention of factory management during external audits by brands or local authorities.
2. The factory lacks awareness of the FLA Workplace Code and Benchmarks.
3. There is a lack of Health & Safety monitoring.
4. There is a lack of skilled resources to monitor Health & Safety.

##### Recommendations for Immediate Action

1. Ensure that all electrical wiring connections conform to TISI / IEC standards, such as the electrical junction box wiring.
2. Relocate the electrical plug in the canteen away from any sources of steam, oil mist, heat, or flames.
3. Replace the wires and welding handles on the electrical welding machine in the maintenance section.
4. Management representatives should check to verify the existence of lightning rods at the buildings located around the factory and the protection radius of these lightning rods. If the factory building falls into the protection radius of any lightning rod, then there is no need to install a lightning rod. Otherwise, install a lightning protection system.
5. Establish a lockout/tagout program.
6. Obtain a work permit for working at heights. Provide a specific check sheet and approval authority for working at heights.
7. Provide relevant workers with the appropriate PPE for work at heights, including helmets and ropes.

### COMPANY ACTION PLANS

1. Factory will ensure that all electrical wiring connections conform to TISI / IEC standards by rewire all cable in cable tube.

Action plan status: Completed

Completion date: 06/28/17

2. Factory will relocate the electrical plug in the canteen away from any sources of steam, oil mist, heat, or flames.

Action plan status: Completed

Progress update: Factory had relocate the electrical plug in the canteen away from any sources of steam, oil mist, heat, or flames.

Completion date: 06/28/17

3. Factory will replace the wires and welding handles on the electrical welding machine in the maintenance section.

Action plan status: Completed

Progress update: Factory had replace the wires and welding handles on the electrical welding machine in the maintenance section.

Completion date: 06/28/17

4. Factory will install a lightning protection system.

Action plan status: Completed

Progress update: Factory had installed a lightning protection system.

Completion date: 06/28/17

5. Factory will establish a lockout/tagout program.

Action plan status: Completed

Progress update: Factory has established a lockout/tagout program.

Completion date: 06/28/17

6. Factory will obtain a work permit for working at heights and provide a specific check sheet and approval authority for working at heights.

Action plan status: Completed

Progress update: Factory has obtain a work permit for working at heights and provide a specific check sheet and approval authority for working at heights.

Completion date: 06/28/17

7. Factory will provide relevant workers with the appropriate PPE for work at heights.

Action plan status: Completed

Progress update: Factory has provide relevant workers with the appropriate PPE for work at heights.

Completion date: 06/28/17

## FINDING NO.10

### SUSTAINABLE IMPROVEMENT REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

- 1.The factory does not have an emergency plan, hazard identification, or procedures for the prevention of Health & Safety issues such as food poisoning and poor hygiene. As a result, the canteen floor and the dishwashing area behind the food vendor are not clean, and there are flies in the canteen.
- 2.The factory does not provide canteen staff with training on food safety and hygiene.
- 3.Workers each have their own cup, but if they forget their own cups, they share an extra cup provided at the water cooler in the canteen area.
- 4.The canteen does not keep food samples to protect against food poisoning and illness.

##### Local Law or Code Requirement

FLA Workplace Code (Employment Relationship Benchmark ER.31; Health, Safety & Environment Benchmarks HSE.19, HSE.22, and HSE.23)

##### Root Causes

- 1.These issues have not been brought to the attention of the factory management during previous audits by local authorities and brands.
- 2.Management lacks awareness of the FLA Workplace Code and Benchmarks.
- 3.There is a lack of Health & Safety monitoring due to a lack of resources.

##### Recommendations for Immediate Action

- 1.Identify hazards in the canteen that increase the risk of food poisoning and other hygiene issues. Create and implement procedures for the prevention of these issues, such as a thorough initial cleaning of the canteen, a cleaning plan for canteen workers, swab testing, preparation of the refrigeration system to keep food, and regular inspections by the Canteen Committee.
- 2.Train canteen staff on food safety and hygiene.
- 3.Provide individual cups for drinking water in the canteen area.

## COMPANY ACTION PLANS

1. Factory will appoint Canteen Committee to do regular inspections. Factory will setup canteen policy and procedure. Factory will train canteen staff on food safety and hygiene. Factory will provide individual cups for drinking water in the canteen area.

Action plan status: Completed

Progress update: Factory has appoint Canteen Committee to do regular inspections. Factory has setup canteen policy and procedure. Factory has train canteen staff on food safety and hygiene. Factory has provide individual cups for drinking water in the canteen area.

Completion date: 06/28/17

## FINDING NO.11

### IMMEDIATE ACTION REQUIRED

#### FINDING TYPE: Health & Safety

##### Finding Explanation

- 1.The mezzanine floors of warehouse are made of wood instead of a fireproof material.
- 2.The storage shelf and refrigerator in the canteen are placed on top of a cracked and uneven floor. This poses a risk of the shelf or refrigerator falling over.
- 3.There is no engineering inspection report of the load test for mezzanine floors, storage shelves, or racks to ensure that they have an adequate load capacity for their current usage in the warehouse.
- 4.The roof in the canteen is not in good condition and is leaking. There is some corrosion on the rain gutter. As a result, water drains into the working areas in the canteen and can cause the floor to be slippery.
- 5.The wheels of the metal factory gate are very small and can barely support the heavy load of the gate. This poses a serious safety risk as the gate could fall and injure someone.

##### Local Law or Code Requirement

Ministerial Regulation (MOL): Fire Protection and Fire Fighting in Factory B.E. 2552 Section 6. FLA Workplace Code (Employment Relationship ER.2 and ER.31; Health, Safety & Environment Benchmark HSE.1, HSE.4, and HSE.22)

##### Root Causes

- 1.The factory has not identified the applicable laws and other requirements related to the mezzanine floors, building structural safety, storage shelves/racks, etc.
- 2.The factory did not identify the following hazards: the fire risk posed by the mezzanine floors, the unsafe condition of the building structure (the floor and roof), or the overloaded storage shelves/racks. The factory has not conducted a risk assessment regarding these issues or developed an internal inspection plan.

##### Recommendations for Immediate Action

- 1.Replace the mezzanine floor with a fireproof material.
- 2.Repair or replace the flooring underneath the storage shelf and refrigerator to ensure that they will not fall or collapse.
- 3.Obtain an engineering inspection and report on the load capacity of the mezzanine floors, storage shelves, and racks. Ensure that current usage does not exceed the maximum load capacity. Post load capacity signs on the racks in the warehouse areas.
- 4.Repair the unsafe roof and rain gutter on the roof of the canteen.
- 5.Replace the wheels on the factory gate to ensure that the heavy gate does not collapse and injure employees.

## COMPANY ACTION PLANS

1. Factory will replace all wood floors to cement bonded particle board which is fireproof material.

Action plan status: Completed

Completion date: 06/28/17

2. We will repair the floor under refrigerator to prevent them falling over. We will replace the flooring underneath the storage shelf.

Action plan status: Completed

Completion date: 06/28/17

3. Factory will obtain an engineering inspection and report on the load capacity of the mezzanine floors, storage shelves, and racks. Factory will ensure that current usage does not exceed the maximum load capacity. Post load capacity signs on the racks in the warehouse areas. Completed

Action plan status: Completed

Completion date: 06/28/16

4. Factory will repair the unsafe roof and rain gutter on the roof of the canteen.

Action plan status: Completed

Completion date: 06/28/17

5. Factory will install support on the factory gate to ensure that the heavy gate does not collapse and injure employees.

Action plan status: Completed

Completion date: 06/28/17