



WORKER RIGHTS CONSORTIUM

**WORKER RIGHTS CONSORTIUM ASSESSMENT  
THAI GARMENT EXPORT 5 (THAILAND)  
FINDINGS, RECOMMENDATIONS AND STATUS**

**April 3, 2015**

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## **I. Introduction**

This report outlines the findings and recommendations of the Worker Rights Consortium's assessment for the City of Los Angeles, California ("the City") of Thai Garment Export 5 ("Thai Garment Export"), a garment factory located in Prachinburi, Thailand, that closed in the course of this assessment at the end of 2014.

Thai Garment Export was owned by a Hong Kong-based corporation, the TAL Group, and at the time of the WRC's assessment employed approximately 967 workers. The company previously had employed more than 2,000 workers, but mass layoffs in 2009 and 2011, due in part to the closure of the company's trouser division, reduced the workforce significantly. Subsequently, the company began to hire migrant workers from Burma, and had approximately 227 such employees in its workforce at the time of this assessment.

The WRC initiated its assessment as a result of Thai Garment Export being disclosed as a supplier of apparel to the City by 5.11 Tactical ("5.11"), a California-based company that produces law enforcement, military, and firefighting apparel and accessories to public and private institutions. The factory also manufactured garments, primarily knitwear, for other apparel brands and retailers, including L.L. Bean, Burberry, Alpha, Cutter & Buck, Ashworth and Linksoul.

The City purchased garments made by Thai Garment Export for 5.11 from Galls Long Beach Uniform ("Galls"), an apparel distributor based in Southern California, for use by City employees. As suppliers of clothing purchased by the City, Thai Garment Export was, and 5.11 and Galls are, obligated to comply with the City's Sweat-Free Procurement Ordinance ("the Ordinance"), which requires factories that produce clothing, footwear and accessories for the City to meet a number of human and labor rights standards.<sup>1</sup> The WRC undertook its assessment of Thai Garment Export pursuant to its role as the independent monitor for the City of compliance by City vendors with the Ordinance.

Under the Ordinance, City contractors and subcontractors must comply with all "wage, health, labor, environmental and safety laws, legal guarantees of freedom of association, building and fire codes, and laws and ordinances relating to employment and workplace discrimination," as well as "all human and labor rights and labor obligations that are imposed by law on the country in which the...goods and materials are made or assembled."<sup>2</sup> Thus, Galls and 5.11 were required to ensure that Thai Garment Export complied with Thai labor laws and regulations and with all International Labor Organization (ILO) Conventions to which Thailand is bound, either via membership in the ILO or ratification.

The WRC's assessment of Thai Garment Export, which was launched in May 2013, identified violations of Thai law, international labor standards and, therefore, the Ordinance in the

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<sup>1</sup> Ordinance No. 176291 (Nov. 9, 2004) (amending the Los Angeles Administrative Code to establish a sweatshop-free policy for procurement of equipment, materials, goods, and supplies, and to establish compliance procedures for the City's "Contractor Code of Conduct").

<sup>2</sup> Ibid.

following areas: occupational health and safety including excessive heat levels, inadequate sanitary facilities, safe drinking water, excessive noise levels, lighting levels, fire safety; freedom of association; hours of work including involuntary overtime; and gender discrimination including provisions for pregnant workers.

These violations were identified based on information gathered during the WRC's visit to the factory in May 2013 and from in-depth worker interviews that were conducted beginning that same month. In August 2013, the WRC informed Thai Garment Export of these violations and our recommendations for corrective action. Subsequently, the WRC and the factory's management engaged in ongoing dialogue which led to the correction of some, but not all, of the violations that the WRC had identified.

On July 24, 2014, the management of Thai Garment Export informed the WRC that it planned to close the facility in the fall of 2014. In announcing the closure to the factory's workers, Thai Garment Export explained that its reason for shutting down was that, because the factory had operated at a loss for the past seven years, its owners, the TAL Group, had decided to shift its production to a factory TAL operated in Vietnam called TAV2. The WRC found no evidence that the closure was in any way related to the WRC's findings or recommendations.

On July 29, 2014, after receiving this notice from the company, the WRC requested that Thai Garment Export's management provide the WRC with information that would enable the WRC to assess whether the closure was being carried out in accordance with the requirements of Thai law, and, by extension, the Ordinance. Specifically, the WRC asked that the factory's management supply the WRC with the following: (1) the company's written announcement to employees informing them of the closure; (2) the number of workers that were employed when the decision to close was made including a breakdown by nationality (Thai, Burmese, others); and (3) sample receipts of statutory severance payments made to dismissed workers.

Thai Garment Export provided the WRC with the requested information and documents between July and September 2014. Based on a review of this evidence and interviews with factory employees, the WRC was able to determine that the factory closure was carried-out and severance payments were paid to employees in accordance with Thai law and, by extension, the City's Ordinance.

The WRC's ability to monitor this process was of significant value in assuring compliance as, in numerous cases in the apparel industry, generally, and in Thailand, specifically, workers in such situations have been denied legally owed severance benefits.<sup>3</sup> In such cases, the illegal denial of this income, at the time when it is needed most by employees, has resulted in considerable hardship to workers' families and protracted labor disputes drawing in not only former factory

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<sup>3</sup> See, e.g., Allan Brettman, "Adidas Settles with Indonesian Workers over PT Kizone," *Portland Oregonian* (Apr. 24, 2013), [http://www.oregonlive.com/playbooks-profits/index.ssf/2013/04/adidas\\_settles\\_with\\_indonesian.html](http://www.oregonlive.com/playbooks-profits/index.ssf/2013/04/adidas_settles_with_indonesian.html); Associated Press, "Thailand Protest" (Oct. 8, 2006); WRC, "Case Summary: Gina Form Bra (Thailand)" (Dec. 19, 2006), <http://www.workersrights.org/Reports/Case%20Summary%20-%20Gina%20Form%20Bra.pdf>.

owners, but the factories' former buyers as well. The fact that, in this case, such a situation was avoided and workers received legally-owed severance payments in a timely fashion is a credit to the factory's owners and other relevant stakeholders.

## **II. Methodology**

The WRC's findings and recommendations with respect to Thai Garment Export are based on the following sources of evidence:

- Interviews with Thai Garment Export managers, which were conducted on the factory premises, and email correspondence with the same;
- In-depth interviews with Thai Garment Export production employees, which were conducted both at the factory and at offsite locations chosen by workers themselves;
- A review of relevant documents and company records;
- A physical inspection of the factory conducted in May 2013; and
- A review of relevant Thai laws.

The WRC's assessment of the response of Thai Garment Export to the WRC's recommendations is based on the corrective action plans that management sent the WRC on September 24 and October 3, 2013 as well as additional information provided by factory employees.

## **III. Findings, Recommendations and Status Prior to the Closure**

The WRC notes that in certain respects, prior to its closure, Thai Garment Export maintained labor practices that were superior to those that prevail in other Thai garment factories. Specifically, unlike many Thai apparel factories, Thai Garment Export provided free cooked rice and a partially-subsidized meal to all its workers. The factory's cafeteria was clean and spacious. The meals provided by the factory cost workers between 10 and 25 Baht, approximately 5 Baht lower than the market price. According to the factory's management, the total monthly cost of providing free rice to its 967 employees was approximately 50,000 Baht (1,675 USD), or 2 Baht (0.67 USD) per meal per worker.

The factory also provided free accommodation to workers in its dormitories, which, prior to closure, housed 346 workers. Of these, 218 were Burmese migrant workers and 128 were Thai workers.

The following sections review the WRC's findings and recommendations in several areas concerning the factory's compliance with Thai labor laws, relevant international standards and, by extension, the City's Ordinance.

## **A. Occupational Health and Safety**

### *1. Excessive Heat Levels*

#### Findings

Unlike many garment factories in the region, the main production building at Thai Garment Export had an air conditioning system and the WRC found that, on the day of its inspection, overall temperatures in the factory were around 30 degrees Celsius which is in accordance with Thai law.<sup>4</sup> However, workers reported to the WRC that the temperature in the building on the day of the inspection was lower than normally prevailed and that, in some areas on the main production floors, the air conditioning system did not function properly and temperatures could become excessive.

Consistent with workers' reports, during the inspection, the WRC did find that the temperature in the factory's screen printing facility was excessively hot. The screen printing facility was located in a separate building from the rest of the factory that had no cooling devices and lacked insulation to prevent heat from radiating through its corrugated metal roof. The excessive heat in the screen printing facility was of further concern since the operations performed inside involved the use of various chemicals, and high temperatures can exacerbate the health effects of chemical exposure on workers.

#### Recommendations

The WRC recommended that insulation should be installed under the roof of the screen printing facility in order to reduce heat levels inside the building. The WRC added that if this measure was not sufficient to maintain temperatures within legally permissible limits, then Thai Garment Export should install air conditioning in the screen printing facility. Alternatively, the WRC suggested, the screen printing facility could be relocated to a location on the premises adjacent to other buildings which would have partially shaded it from direct sunlight.

Finally, as to the rest of the factory, the WRC recommended that in areas where the existing air conditioning system did not keep temperatures within permissible limits, the company should install ventilation fans for further cooling.

#### Factory Response and Final Status

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<sup>4</sup>See, Occupational Safety and Health Bureau, Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment in Relation to Heat, Light and Noise B.E. 2549 (A.D. 2006), Chapter 1 (Heat), § 3, (“[T]he employer shall control and maintain the heat level within the workplace in which employees are working not to exceed the standard as follows (1) Work being performed by an employee, which is characterized as a light work, shall have the average heat level of not exceeding 34 degrees Celsius of the wet bulb globe temperature.”). “Light Work” means the nature of work which uses less force or energy, and metabolizes foods in the body at the rate of not exceeding 200 kilocalories per hour; i.e., sewing; sedentary inspection of productions, assembly of small pieces of work, control of machinery by foot, standing control of work, or other works comparable to mentioned work.”)

Thai Garment Export responded to the WRC's recommendations concerning excessive temperatures in its screen printing facility by asserting that this operation required high ambient temperatures in order to maintain product quality. The factory did agree to install three additional exhaust fans in this area, but these, unfortunately, were still insufficient to reduce the temperature in the screen printing area to within acceptable limits.

Subsequently, the factory management informed the WRC that, due to lack of orders, it had closed its screen printing operations. The issue was not addressed further before the entire factory closed permanently in December 2014.

## *2. Chemical Labelling*

### Findings

The WRC found that the factory failed to meet recognized standards of good practice regarding chemical labelling and provision of Material Safety Data Sheets (MSDS). Chemicals in the screen printing area were not labeled in a manner that provided instruction regarding their safe handling, storage and treatment in case of exposure. Additionally, although MSDS were provided in Thai for these chemicals, in many cases, Burmese versions were not available.

### Recommendation

The WRC recommended that all chemicals used and stored in the screen printing area be labeled with instructions for proper handling, storage, and treatment in case of exposure. The WRC also recommended that MSDS for all chemicals be provided in languages understood by the workers who were assigned to the screen printing area.

### Factory Response and Final Status

On September 24, 2013, the factory's management informed the WRC that it had nearly completed labeling all of the chemicals used in the screen printing area, and provided photographs of containers with labels as evidence. With respect to translating MSDS into Burmese, Thai Garment Export closed its screen printing facility before this recommendation was implemented. Thereafter, no Burmese workers were handling the chemicals in question.

## *3. Inadequate Sanitary Facilities*

### Findings

The WRC found that the toilets that the factory had designated for workers' use were not maintained in a clean and sanitary condition. Although the factory management claimed that the toilets were inspected twice daily, several of the stalls lacked toilet paper and the washrooms were not reliably supplied with hand soap. Such provisions are essential elements of a safe and

hygienic workplace as required under international standards.<sup>5</sup> At least one of the toilets in the women's washroom was broken and one of the stalls in the men's washroom was missing a door. The factory management explained that the door had been removed because some workers had used the stall to play cards or smoke.

### Recommendation

The WRC recommended that Thai Garment Export ensure that the washrooms are maintained in a clean and sanitary condition with adequate hand soap and toilet paper, and that all toilet stalls have functioning toilets, doors and locks.

### Factory Response and Final Status

On September 24, 2013, the factory's management informed the WRC that the violations that the WRC had identified with respect to the washrooms and toilets had been corrected. The only evidence the company provided, however, was a photograph of a roll of tissue paper hanging on the wall in one of the toilets. When the WRC asked for photographic evidence that the necessary repairs to the toilets had been completed, the factory management replied that it would increase the frequency with which the toilets were cleaned but that it would not carry out repairs such as replacing the missing door on the toilet stall in the men's washroom. The management claimed but did not provide any evidence that it had repaired the broken toilet in the women's washroom.

## *4. Safe Drinking Water*

### Findings

By Thai law, Thai Garment Export is obligated to provide potable drinking water for employees.<sup>6</sup> Thai Garment Export provided workers at the factory with drinking water from the local municipal water system. This water was then filtered and stored in tanks maintained by the factory. Thai Garment Export provided the WRC with a copy of results from a test conducted by the firm, C.E.M Technology (Thailand), on a water sample from the factory's cutting section which indicated that the water was safe for drinking.

However, the WRC found that areas around the filtering systems for the factory's drinking water dispensers were covered with dust which posed a risk of contamination. Although the factory's safety officer claimed that the filtering system was cleaned regularly, the observations of factory workers and WRC representatives were to the contrary.

### Recommendation

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<sup>5</sup> See, ILO Convention (No. 155) Concerning Occupational Safety and Health and the Working Environment, article 16 (1) ("Employers shall be required to ensure that, so far as is reasonably practicable, the workplaces, machinery, equipment and processes under their control are safe and without risk to health.")

<sup>6</sup> See, Notification of Ministry of Industry, 3470 re Industrial Standards for Drinking Water, Volume 1: Terms, Quality, Criteria and Specific Industrial Standards.



The WRC recommended that Thai Garment Export ensure that the filtering system for the factory's drinking water was cleaned and maintained regularly, and that the areas around it were kept free of dust and dirt.

#### Factory Response and Final Status

The factory management informed the WRC that the filtering system was serviced according to a fixed schedule, and that an employee had been assigned to clean the area where it was located three times daily. The factory provided no further details concerning this issue.

#### *5. Excessive Noise Levels*

##### Findings

The WRC found that the factory did not meet recognized standards of good practice by failing to consistently warn employees and require use of protective equipment with respect to work areas with elevated noise levels. For example, while the factory's embroidery area, in which the noise level was measured to be 74 dB, was clearly marked as an area in which use of earplugs was mandatory, the washing department, where the WRC measured a noise level of 79 dB, was not so marked.

##### Recommendation

The WRC recommended that Thai Garment should clearly identify the factory's washing department as an area where the use of earplugs was required.

#### Factory Response and Final Status

The factory's management informed the WRC that the company had provided earplugs to workers in its washing department and was purchasing signs indicating that their use was required in that department. The management subsequently provided the WRC with a photograph of the sign, which was written in Thai. The management added that it also would purchase a similar sign in Burmese, but no evidence of this having been done was ever provided.

#### *6. Lighting Levels*

##### Findings

The WRC found that the light level in the factory's garment inspection room was inadequate. The factory management claimed that the lighting in this area was sufficient. However, Thai law specifically requires enhanced lighting in areas where fabrics are checked.<sup>7</sup>

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<sup>7</sup> See, Occupational Safety and Health Bureau, Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health and Environment in Relation to Heat, Light and Noise B.E. 2549 (A.D. 2006), Chapter 2 (Light) Clause 5, ("[T]he employer shall provide the intensity of light at the

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## Recommendation

The WRC recommended that Thai Garment Export measure the light levels in the garment inspection room and, if these were found to be lower than the legal minimum, to add additional lighting.

## Factory Response and Final Status

Thai Garment Export's management requested that the Occupational Safety Center of the Prachinburi Office of the Ministry of Labour conduct an environmental audit of the facility that would include measuring light levels. The management stated that if light levels in the factory were found to be lower than the legal minimum, the company would take whatever corrective actions the center recommended. The factory closed, however, before the audit could be completed.

## *7. Fire Safety*

### Findings

The WRC found that although Thai Garment Export had installed fire extinguishers in several other areas of the factory, it had not done so in the factory's inspection room. While fire extinguishers were available outside the inspection room and there were overhead sprinklers in the room, the distance to reach the fire extinguisher from the inspection room was longer than the legal maximum of 20 meters.<sup>8</sup>

### Recommendation

The WRC recommended that Thai Garment Export install fire extinguishers in the factory's inspection room.

### Factory Response and Final Status

The factory's management provided the WRC with photographs of four fire extinguishers that it had installed inside the inspection room.

## **B. Disciplinary Policies**

### *1. Lack of Clear Disciplinary Procedures*

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workplace as follows:...(3) Not lower than the standard as prescribed in Table 3 annexed to this Ministerial Regulation for the area in which the employee works by focusing the eyesight on a specific spot, or fixing the eyesight in place in the course of working, Garment factory checking and sewing by hand, the employer shall provide the intensity of light 1,200 lux.”)

<sup>8</sup> See Notification of Ministry of Interior, 1991 re Working Safety relating to protection and prevention of fire for employees, §16.

## Findings

During the WRC's assessment, the WRC reviewed the disciplinary notices the company had issued to employees during the most recent six month period. The warning letters issued to workers lacked specific details about the nature of the infraction, making it impossible to ascertain whether the punishment was in compliance with legal requirements.<sup>9</sup> Most warning letters also lacked any indication of what policy or rule the worker had violated or whether the worker had received a previous warning about the same issue. The factory also failed to meet recognized standards of good practice by issuing warning letters to Burmese workers that were not translated into Burmese.

## Recommendations

The WRC recommended that Thai Garment Export indicate in the disciplinary notices it issued to employees the relevant misconduct that triggered the discipline and whether the employee in question had been issued previous warnings for the same misconduct. The WRC also noted that these letters should be provided to workers in their primary language.

## Factory Responses and Final Status

The factory's management informed the WRC that it had begun to number the warning letters it issued to workers, so as to indicate whether the worker in question had been warned previously concerning the same misconduct. The factory management also assured the WRC that it would ensure that interpreters would be available to explain the content of warning letters issued to Burmese workers. However, the management did not agree to provide these letters to workers in their primary language.

## **C. Freedom of Association**

### Findings

The WRC found that Thai Garment Export included in its employment contracts for migrant workers language that violates international labor standards concerning freedom of association. Clause 10.3 of the contracts stipulated that a worker was not "allowed to engage in any unlawful activities such as demonstrations and protests." Although this clause was worded slightly differently in the Thai and Burmese versions of the contract, the WRC found it sent a message to these workers that they might face discipline for exercising the right to engage in industrial action such as strikes and other forms of nonviolent protest. Since, as has been recently

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<sup>9</sup> See, Thai Labor Standards 8001 recommendations re article 5.7 "Discipline and Penalty"; ("The purpose of penalties is not really to induce fear to the workers, but instead the main purpose is to increase the effectiveness of the employee in reaching the goals of the organization. Most importantly, punishment is a double edged sword, and the punishment should be appropriate. If the punishment on the other hand is not appropriate, the employer may create other problems (for himself)").

reaffirmed by the ILO, the right of freedom of association includes the right to engage in industrial action,<sup>10</sup> Clause 10.3 improperly restricts this right.

### Recommendation

The WRC recommended that the company remove Clause 10.3 from its employees' contracts.

### Factory Response and Final Status

The factory's management informed the WRC that because the contract that included Clause 10.3 was a standard agreement issued by the Thai Department of Employment, several of the factory's buyers required it to use this contract. The management expressed concern that removing the clause from its contracts would violate these buyers' requirements. This issue was not resolved prior to the factory's closure.

## **D. Hours of Work**

### *1. Involuntary Overtime*

By Thai law, overtime must be voluntary.<sup>11</sup> While the WRC did not find any direct evidence of forced overtime at Thai Garment Export, the assessment did identify several policies and practices that, uncorrected, could have contributed to an environment where it was difficult for workers to refuse overtime work.

For example, the company provided free roundtrip transportation for workers between their homes and the factory. However, if a worker chose to leave the factory at the end of her regular work shift – rather than remain at the factory to perform overtime – the factory would only provide her with transportation if at least six other workers on her production line also declined to work overtime. This practice, therefore, could have the impact of making a valuable benefit, free transportation, effectively contingent on performing overtime.

### Recommendation

The WRC recommended that Thai Garment Export provide employees with transport home at the end of the regular shifts independent of whether their coworkers perform overtime.

### Factory Response and Final Status

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<sup>10</sup> See, ILO, "Report of Tripartite Meeting on the Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87), in relation to the right to strike and the modalities and practices of strike action at national level" 2 (Feb. 23-25, 2015), [http://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_346764.pdf](http://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_346764.pdf).

<sup>11</sup> See, Thai Labor Protection Act, §24 ("[A]n employer shall not require an employee to work overtime on a working day unless the employee's prior consent is obtained on each occasion").

The factory management informed the WRC that it would not provide transport to workers who left at the end of the regular work shift, and that workers could either arrange their own transport or could wait on the factory premises for the company transportation to take them home at the end of the overtime shift.

The WRC continued to recommend that Thai Garment Export provide workers with transportation home at the end of the regular work shift independent of whether colleagues wish to work overtime. However, this issue was not resolved prior to the factory's closure.

## **E. Gender Discrimination**

### *1. Pregnant workers*

#### Findings

The WRC found that most of Thai Garment Export's practices regarding pregnant workers were in accordance with Thai labor laws and international standards. Pregnant workers were allowed to begin their breaks slightly earlier than their colleague and given work assignments that did not require them to use vibrating machinery.<sup>12</sup> The WRC noted, however, that the chairs that the company provided pregnant workers to sit at while working were of a flimsy plastic and did not provide adequate ergonomic support.

Of greater concern, the factory's internal work rules stated that workers might be subject to discipline if they failed to inform management of their pregnancies. Thai Garment Export explained to the WRC, however, that it did not actually discipline workers for violating this rule, but included the rule among its disciplinary policies as a means of discouraging workers from failing to report pregnancies.

While the WRC found no instances in which workers actually received warnings for failing to disclose their pregnancies, threatening workers with discipline for failing to do so might give some workers the impression that they would be subject to adverse treatment if they became pregnant.

#### Recommendations

The WRC recommended that Thai Garment Export provide pregnant workers with chairs that are sufficiently sturdy and provide adequate ergonomic support. The WRC also told the factory that the requirement that workers must inform the factory of their pregnancies should be removed from the factory's internal work rules.

#### Factory Response and Final Status

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<sup>12</sup> See, Thai Labor Protection Act, §39, (“[A]n employer is prohibited from causing a pregnant female employee to work between 22:00 hours and 06:00 hours, or to work overtime, work on holidays, or perform any of the following: (1) Work on plant or equipment that vibrates;...”).

The factory management responded that the reason it required workers to notify the company of pregnancies was so that the company could provide the accommodations to them that are required under Thai law. This issue was not resolved prior to the factory's closure.

The factory also agreed to replace the seats that it provided to pregnant workers, however, this measure also was not implemented before the factory's closure

## F. Factory Closure

Thai Garment Export's owners wound-up the factory's operation through a series of layoffs of its employees between July and December 2014, after which the factory shut down completely. Table 1, below, shows the number of workers laid off by Thai Garment Export in each of the six months prior to the factory's ultimate closure.

*Table 1: Layoffs of Workers at Thai Garment Export in 2014*

Month	Workers Terminated
July	326
August	74
September	327
October	1
November	19
December	6
<b>Total</b>	<b>753</b>

### *1. Inadequate Notice of Closure*

According to Thai law, an employer who intends to terminate an employee must provide advance notice of, at minimum, one pay period.<sup>13</sup> Because Thai Garment Export paid workers' wages twice per month, the factory was obligated to provide workers with advance notice of termination of at least 15 days. The law requires that, if less notice is provided, the employer must pay compensation to the worker in the amount of her ordinary wages for one pay period.

The WRC noted that the closure announcement Thai Garment Export issued to its employees was undated. Although the factory's human resources manager informed the WRC that Thai Garment Export announced the factory's impending closure to its workers on July 5, factory employees reported that they were not informed of the closure until July 10. As the schedule of layoffs that Thai Garment Export provided to the WRC, however, did not include the specific dates on which workers were laid off, the WRC was unable to determine whether workers received the legally required notice.

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<sup>13</sup> See, Thai Labor Protection Act (revised 2008), §17 (2) (“[W]here the period is not specified in the contract of employment, an Employer or an employee may terminate the contract by giving advance notice in writing to the other party at or before any due date of wage payment in order to take effect on the following due date of wage payment, with no requirement for advance notice of more than three months.”).

However, as discussed in the following section, Thai Garment Export provided the workers it laid-off with severance payments which were in excess of the legal requirements. These additional payments were calculated based on employees' seniority at the factory as follows: Workers with at least four months seniority were paid 15 days wages; workers with between one and three years seniority were paid 30 days wages; workers with three to six years seniority were paid 45 days wages; workers with six to ten years of seniority were paid 60 days wages; and workers with more than ten years of seniority were paid 90 days wages. As a result, even if Thai Garment Export failed to provide employees with the legally required notice of termination, workers with four months or greater seniority at the factory received a payment that was equal to or greater than the mandated compensation for lack of notice.

## *2. Legally Required Severance Payments*

Thai Garment Export provided the WRC with sample receipts for terminal payments made to Thai and Burmese workers at the factory at the times of their layoffs. These receipts indicated for each employee: the worker's name, position at the factory, seniority, date of notice of termination, date of last day of work, wage rate, amounts due as severance payment, earned annual leave, and prorated annual bonus, as well as deductions from the total amount due, the worker's bank account information, and the date on which the total amount would be transferred to the employee.

These receipts were signed by the factory's human resource manager and the worker in question. Based on a review of the sample receipts provided by the factory to the WRC, and interviews with workers, the WRC found that Thai Garment Export provided employees with the legally required terminal benefits.<sup>14</sup>

Certain aspects of how the factory distributed the payments, while not violating either Thai law or the Ordinance, were inconsistent with recognized standards of good employment practice. First, the receipts issued to Burmese migrant workers along with these payments were written entirely in Thai script, likely rendering them indecipherable to those employees. As a matter of

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<sup>14</sup> See. Thailand Labor Protection Act (revised 2008), §118 (“[A]n employer shall pay severance pay to an employee whose employment is terminated, as follows: (1) An employee who has worked for at least 120 consecutive days, but for less than one year shall be paid basic pay for not less than 30 days at the most recent rate of basic pay received by him or not less than the basic pay he received for work performed in the last 30 days in respect of an employee who is rewarded on the basis of his output; (2) An employee who has worked continuously for at least one year but less than three years shall be paid basic pay for not less than 90 days at the most recent rate of basic pay received by him or not less than the basic pay for work performed in the last 90 days in respect of an employee who is rewarded on the basis of his output; (3) An employee who has worked consecutively for at least three years but less than six years shall be paid basic pay for not less than 180 days at the most recent rate of basic pay received by him or not less than the basic pay for work performed in the last 180 days in respect of an employee who is rewarded on the basis of his output; (4) An employee who has worked consecutively for at least six years but less than 10 years shall be paid basic pay for not less than 240 days at the most recent rate of basic pay received by him or not less than the basic pay for work performed in the last 240 days in respect of an employee who is rewarded on the basis of his output; (5) An employee who has worked for more than 10 years consecutively shall be paid basic pay for not less than 300 days at the most recent rate of basic pay received by him or not less than the basic pay for work performed in the last 300 days in respect of an employee who is rewarded on the basis of his output.”)

best practice, such documents generally should be provided to workers in a language they are able to read. Second, the receipts included a general waiver of claims against the company by the employee. Given that employees were legally entitled to receive these terminal payments without any condition imposed by the employer, and, moreover, that, in the case of the Burmese workers, these employees were most likely unaware of the waiver's existence, its inclusion is inconsistent with respect for workers' statutory rights.

### *3. Transfer to Other TAL Group Factories*

A total of 39 employees from the Thai Garment Export factory, including 26 managerial and office staff and 13 production workers (12 of whom were Burmese migrants), were transferred to other facilities owned by the TAL Group. The production workers were transferred to the company's Thai Garment Export 1 and 2, and Mandarin Clothing factories, all of which are located in the Bangkok metropolitan area, approximately 100 kilometers from the closed factory in Prachinburi. Several members of the factory's managerial staff were transferred to TAL Group's plant in Vietnam, TAV2, as well as to the TAL Group's corporate headquarters in Hong Kong. The factory's human resources manager informed the WRC that the company gave each employee whom it transferred the equivalent of three months' wages as a moving allowance and paid the cost of transporting their personal belongings to their new place of employment.

In order to transfer to one of the company's other facilities, workers were required to sign letters accepting their reassignment, a sample of which were reviewed by the WRC. The WRC noted that transfer letters issued to the factory's Thai staff were different from those provided to its Burmese workers. In the case of the Thai employees, the letters were issued in the Thai language, but for the Burmese workers, their letters were written in English, which they were not able to understand. This practice, again, was inconsistent with standards of good employment practice which dictate that companies should communicate with their workers, in particular with regard to the terms of their employment, in a language the workers understand.

### *4. Additional Assistance*

The factory management also informed the WRC that, in addition to providing workers with severance payments, it had invited officers from the local office of the Thai Department of Labor Welfare and Protection to provide information to workers about assistance available to them from Thailand's national Social Security Unemployment Funds, which provides compensation to workers in case of termination of employment. Thai Garment Export also organized a job fair to help its former employees to find new jobs and invited several other local employers to participate. Thai Garment Export also provided employees living in the factory's dormitory with assistance in moving their personal belonging to their new residences.