



WORKER RIGHTS CONSORTIUM

Case Summary: Double Star (Thailand) December 19, 2006

The WRC has been working since November 2004 to correct code of conduct violations at the Double Star factory. Double Star is a producer of towels and bed sheets and also performs embroidery and screen printing. Until mid 2005, the factory produced collegiate logo golf towels for the licensee Team Effort through a license agreement with another company, McArthur Sportswear. The factory's current buyers include Kohl's, JC Penny, Target and Kmart.

In response to a worker complaint, the WRC began an initial assessment at Double Star in November 2004. Our assessment identified serious code of conduct violations in the areas of freedom of association, wages and hours of work, and occupational health and safety. Findings included anti-union discrimination and the denial of access to benefits to workers who chose to associate with a trade union at the factory; the payment of sub-minimum wages to workers contracted through an outside employment agency; regular forced overtime; and health and safety issues including the use of industrial waste water in the factory's restroom facilities and an unusually high rate of workplace injuries. When the WRC contacted Team Effort regarding these concerns, the licensee informed us that they had recently made a decision to discontinue sourcing from Double Star due to issues of quality and delivery time, but nonetheless offered initially to assist with our assessment by accompanying WRC staff in our first meeting with Double Star management. Unfortunately, Team Effort's presence in this meeting did not prove helpful (the Team Effort representative debated the WRC's findings and remedial recommendations rather than supporting our effort to press the factory to address the violations) and the licensee was unwilling to intervene further because it was discontinuing business with the factory. Given the serious violations identified at Double Star, the WRC continued our assessment and remediation efforts, hoping to resolve key issues by working directly with the factory as well as its other buyers in the absence of the university licensee.

In the months following the WRC's initial assessment, workers reported an increased incidence of code of conduct violations at Double Star. Most notably, in the area of freedom of association, a series of unchecked actions on the part of management resulted in an increasingly hostile workplace environment for workers who had chosen to support the union at Double Star. In December 2004, almost immediately after the WRC's initial investigation, factory management began encouraging supervisory employees to dissuade

workers from supporting the union. These supervisors regularly held anti-union demonstrations during the work day as well as at the lunch hour, used the factory public address system to denounce the union, posted anti-union materials within the factory, and assembled outside the factory each afternoon to threaten union members as they left work. Union members reported fearing for their personal safety upon encountering these demonstrations, which were apparently sanctioned by Double Star management. Workers also reported being subject to intimidation by a group of temporary workers contracted through an agency known locally for its employment of recently incarcerated violent criminals. In addition, supervisors began pressuring employees to sign statements denouncing the union. The statements in question specifically condemned the group of employees who had contacted the WRC regarding violations at the factory, stating that these employees had “provided false information” to the factory’s buyers which had caused those buyers to remove their business from the factory. Such acts of retaliation against workers who filed a complaint with the WRC represent an unusually brazen effort on the part of Double Star management to undermine code enforcement efforts. While these threats against the union subsided in January 2005, additional actions by management to interfere with workers’ associational rights continued throughout the year and included retaliation against known union leaders through a series of actions including denying union leaders access to overtime and leave, demotion and termination of union activists, and requiring union supporters to work in a dangerous area of the factory; and pressuring workers to withdraw their support for the union in an effort to avoid the factory’s obligation to negotiate collectively.

In addition to the concerns regarding freedom of association discussed above, the WRC identified a number of serious, ongoing violations in other areas. The WRC found that Double Star continued to hire increasing numbers of employees through temporary employment agencies that were frequently compensating workers at rates below the legal minimum wage and denying workers overtime pay and sick leave. Numerous health and safety violations persisted at the factory. Double Star experienced three substantial fires during August and October of 2005; in each case, no fire alarm was sounded and employees were not evacuated from the building, despite the third fire being substantial enough to require the assistance of the fire department before it was extinguished. The WRC Assessment Team also noted a pattern of severe work-related injuries at the factory which Double Star had failed to properly report to the relevant government agency and for which workers were not fully compensated by the factory as required under Thai law.

Double Star has thus far refused to cooperate meaningfully with the WRC’s assessment or to take sufficient remedial action. After meeting with the WRC early in the assessment process, Double Star began refusing to grant access to WRC investigators and ignored our recommendations for remediation. After the licensee Team Edition left the factory, the WRC contacted Double Star’s other primary buyers, Kohl’s and Kmart, to seek their assistance in pressing the factory to resolve the violations. While both brands agreed to look into the situation at Double Star, neither was willing to work with the WRC in pursuing remediation, and we were not made aware of the results of their inquiries with the factory.

Management has taken several promising steps since late 2005, including allowing the union activists who had been moved to a dangerous area of the factory to return to their previous work posts in October 2005, and reversing its policy of banning union members from working overtime in June 2006. However, many serious issues identified remain unresolved. Most egregious is the continuous use of employment agencies that persist in paying sub-minimum wages.

For some time, the WRC has postponed issuing a public report on Double Star in the hope that we might eventually secure the cooperation of the factory or its buyers. Unfortunately, this has not occurred.

Double Star serves as an example of one of the challenges that licensee sourcing practices can pose to code enforcement efforts. When the WRC conducted initial research on this factory, Double Star workers reported embroidering towels with the logos of dozens of colleges and universities. The WRC undertook an assessment with the understanding that this was a collegiate supplier. Then, within a few months of initiating the investigation, the licensed production was pulled from the factory. While it is not clear whether Team Effort “cut and ran” from the factory in an explicit effort to avoid responsibility for the violations occurring there, the fact that the licensee did leave the factory, and that collegiate licensees can regularly change supplier factories without regard for the impact that these business decisions will have on code compliance efforts, seriously undermines the WRC’s ability to use university codes of conduct to improve conditions at a large number of collegiate supplier factories.