

April 15, 2025

Fair Labor Investigation: Hong Seng Knitting Co. Ltd.

The full investigation report, report summary, and remediation plan are available on the [Fair Labor Association's \(FLA\) website](#) in English, Thai, and Burmese.

Background

In March 2024, FLA received a Third Party Complaint regarding a Thai supplier for Nike, a Fair Labor Accredited company. The complaint concerned alleged labor violations at Hong Seng Knitting Co. Ltd. in Bangkok, Thailand during the early stages of the COVID-19 global pandemic.

Similar allegations were previously raised by Worker Rights Consortium (WRC). However, due to the constraints of COVID, WRC's original investigation was incomplete, in terms of the scope of worker engagement and lack of access to factory records.

From May to November 2024, FLA conducted a thorough, independent investigation in accordance with best practices for labor investigations, resulting in compensation and remediation for the impacted workers.

Investigative Process

FLA's seven-month investigation was conducted by an expert in Thai labor law, using FLA's proven [investigative methodology](#). The investigator reviewed the allegations through the lenses of both FLA standards and Thai law. Recommendations for remediation are based on application of the higher of the two standards.

The investigator gathered and assessed information from sources including interviews and surveys of hundreds of current and former impacted workers; the complainant; the factory management; Nike; and other labor stakeholders including WRC.

Both on-site and off-site worker interviews were conducted in the workers' native languages and in accordance with best investigative practices, with findings promptly communicated back directly to the impacted workers.

The number of workers surveyed and interviewed allowed the investigator to capture statistically significant and accurate data points. All on-site and off-site interviews and survey results yielded consistent findings.

The investigation included a review of complete factory documentation (including payroll records), access to Thai Department of Labor Protection and Welfare (DLPW) documentation, and first-person interviews with Thai labor officials.

FLA's investigation was significantly more robust than the original investigation:

- FLA's investigator interviewed more than 100 workers and surveyed more than 500.
 - The original WRC report was based on 11 workers out of a workforce of more than 3,000.
 - The FLA investigator engaged with nine of these 11 workers.¹

¹ Only three of these workers confirmed they talked to WRC.

- FLA's investigator had access to timekeeping records and other documents, as well as interviews with Hong Seng management, which were unavailable to WRC.
- FLA's investigator interviewed the Thai DLPW, which adjudicated some of the worker's cases at the time. WRC did not interview DLPW officials.

The investigator's report was completed in December 2024. A remediation plan, which includes payment of the wages for the days of unpaid leave taken by Hong Seng workers in 2020, as well as compensation for specific workers identified in the complaint, was submitted to FLA by Nike in February 2025. Remediation has already begun as of the date of this fact sheet and is expected to be concluded by the end of 2025.

Findings

Legality of mandatory unpaid leave for Hong Seng workers during a pandemic-related suspension of operations at the factory

The investigator determined that the factory's leave without pay practice complied with Thai law, but did not comply with FLA standards. The investigator recommended that the workers be compensated for partial income loss for the period they were on leave without pay.

Coercion of workers to accept unpaid leave

Although the investigator did not find widespread evidence of coercion, the workers who willingly signed forms accepting unpaid leave may not have had access to full information about the consequence of their decision. Therefore, the remediation plan will compensate all these workers for this unpaid leave.

Retaliation against two workers who refused to accept unpaid leave

Worker 1 (W1) faced retaliation from the factory management for complaining about the unpaid leave on Facebook. This worker subsequently fled home to Myanmar after the factory management reported W1 to the police alleging defamatory Facebook posts. The investigator found that the factory's actions were unfair to the worker, even if they were technically legal under Thai law, and recommended compensation.

Worker 2 (W2) told the investigator that his dismissal from the factory was not related to his refusal to sign the form, but rather related to an error in filing an immigration form. Although W2 did not perceive his termination to be retaliatory, the investigator found that the timing of his dismissal suggested retaliation was a contributing factor and recommended compensation.

Remediation

Compensation related to unpaid leave

- All impacted workers will be paid 100% of the wages for unpaid leave days taken in 2020.
- Workers who are still employed at Hong Seng will receive compensation in the form of paid leave, which they can cash out at the end of 2025 if they prefer.
- Workers no longer employed at Hong Seng will be paid 100% of the wages for the unpaid leave days in cash.

Compensation related to worker retaliation

- W1 will receive \$1,746.27 (180 days' wages, based on severance pay for three years of employment).
- W2 will receive \$1,261.19 based on the maximum compensation he could have received if his case had been filed and won in 2020, with 15% annual interest from the date of dismissal.

The Fair Labor Association (FLA) promotes human rights at work. We are an international network of companies, universities, and civil society organizations collaborating to ensure that millions of people working at the world's factories and farms are paid fairly and protected from risks to their health, safety, and well-being.

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