

December 23, 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.

Summary

An FLA investigation into alleged labor violations at Hong Seng Knitting Co. Ltd found that workers were owed compensation for unpaid leave days dating back to 2020, during the early days of the COVID-19 global pandemic. In addition, the investigation found that two workers had not been compensated for unfair dismissal and retaliation.

As of December 2025, all workers have been compensated, or are in the process of being compensated, for unpaid leave days. The two workers who faced retaliation have been compensated for the unacceptable treatment they faced from the employer. This remediation is in line with FLA principles that recognize that punishing or threatening a worker who advocates in any format, whether in person or online, for worker rights constitutes retaliation and is unacceptable regardless of its legality under local law.

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 the Worker Rights Consortium (WRC).

From May to November 2024, FLA conducted a thorough, independent investigation, resulting in compensation and remediation for the impacted workers after years of stalemate.

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 timekeeping and payroll

records); access to documentation from the Thai Department of Labor Protection and Welfare (DLPW), which adjudicated some of the worker's cases at the time; and first-person interviews with Thai labor 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. Additional compensation for Kyaw San Oo – known as Worker 1 or W1 in the investigator's report – was agreed in late 2025. Full remediation is expected to be concluded by the end of 2025.

Findings and Remediation

Finding 1: Legality of mandatory unpaid leave for Hong Seng workers during a pandemic-related suspension of operations at the factory and coercion of workers to accept unpaid leave

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.

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 investigator recommended that these workers be compensated for this unpaid leave.

Remediation:

- All impacted workers have been compensated 100% of the wages for unpaid leave days taken in 2020.
- Workers who are still employed at Hong Seng have received compensation in the form of paid leave. Any unused leave will be cashed out at the end of 2025.
- Workers no longer employed at Hong Seng are being paid 100% of the wages for the unpaid leave days in cash. Registered mail was sent to the last address on record for former workers to inform them of the compensation being paid to them. With the assistance of local organizations, the factory will continue working to reach workers that who have not responded.
- Workers were trained on the worker voice app available to them to submit anonymous grievances. Workers and management also were trained on the factory's grievance procedures.

Finding 2: Retaliation against two workers who refused to accept unpaid leave

Kyaw San Oo faced retaliation from the factory management for complaining about the unpaid leave on Facebook. He subsequently fled home to Myanmar after the factory management reported him to the police, alleging defamatory Facebook posts. The investigator found that the factory's actions were unfair to Kyaw San Oo, 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:

- Kyaw San Oo initially received \$1,746.27 (180 days' wages, based on severance pay for three years of employment). As the investigator noted in her report, she did not have the information

necessary to establish more than partial compensation for Kyaw San Oo. Her recommendation, therefore, “only suggest[ed] a reasonable approach to partial compensation and [was] not intended to fully cover all losses sustained by W1.”

Based on the unique circumstances of the case, FLA adopted a tailored approach to determine what full compensation should entail under FLA standards, convening a board-level working group and coordinating among the parties. With the concurrence of Kyaw San Oo, FLA, Nike, and the supplier, FLA has amended the remediation plan to include additional compensation. This additional amount was paid in December 2025.

- W2 received \$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.
- Two anti-retaliation trainings were completed. A worker engagement and well-being survey was conducted, and the results of this survey has been shared with management and workers. Focus group discussions are underway to examine improvements that could be made based on the survey results.

Finding 3: Workload and overtime

Although this issue is not directly related to the complaint filed with the FLA or the case at hand, interviews and surveys revealed notable dissatisfaction among more than 87 workers regarding the current working conditions. A significant portion of these workers expressed concerns about the heavy workload and the lack of additional income from overtime pay.

Remediation:

- Training was conducted on production targets and salary. Line leaders also were trained on communication of production targets, salary, and overtime protocols.

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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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