

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	Thailand
Factory name	01028425B
IEM	Kenan Institute Asia
Date of audit	May 28-29, 2003
Days in the facility	2
PC(s)	Adidas-Salomon, NIKE, Inc.
Number of workers	580
Product(s)	Sweater for export (100 %)
Production processes	Knitting, Panel inspection, Linking, Light inspection, Washing,
Other brands in factory	

FLA Code/ Compliance issue	Benchmark and legal reference	Monitor's Findings	Documentation	Best Practice	PC (Adidas) Internal audit findings	Remediation				
						PC remediation plan	Target Completion Date	Factory Response	PC follow up	Documentation
1. Code Awareness										
Worker/management awareness of Code	FLA Principles of Monitoring: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	Management presented a knowledge of the code. However, some workers had almost no awareness of the elements of the code.	Worker and management interviews		Agree with findings.	adidas SEA staff have been conducting training sessions throughout Asia since November 2001, which aim to familiarise factory management with the SOE, local legal provisions and expectations regarding compliance and cooperation. Factories are required to provide basic training to all employees on their work-place rights and obligations. Additionally, adidas wrote to all its suppliers before the first year of monitoring began, to explain the FLA process, the fact that their factories may be visited unannounced, and that the FLA IEM would require full cooperation. We have also worked with our internal production and sourcing staff to stress the importance of our participation in the FLA, and the fact that it must be supported in front of the factories by adidas production staff.	Deadline for training of employees on the FLA Code agreed with Nike - July 2003	-	adidas SEA Team will continue to provide training directly to factory management on various elements of compliance, and stress the need for comprehensive HR systems which will deliver relevant training to factory workers and other employees.	-
2. Forced Labor										
Other	Labor Protection Act B.E 2541 Chapter 9, section 115 states " The employer shall maintain employees' register for not less than two years from the date of termination of employment of each employee, and the employer shall keep documents relating to the payment of wages, overtime pay, holidays pay and holidays overtime pay to the employees for not less than two years from the date of payment thereof. FLA Benchmark: 1. Employers will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime 2. Employers maintain sufficient hiring and employment records to demonstrate and verify compliance with this code provision and 3. Employment terms should be voluntarily agreed by workers.	1. There was no documentary evidence of voluntary overtime, but workers interviewed stated that overtime was voluntary. The factory has only kept the voluntary overtime sheets for 2 months, which is contrary to the Labor Protection Act B.E 2541 Chapter 9, section 115. 2. It was found that some workers have no employment contracts in the personnel files.	Employees' personnel files and worker interviews.		Agree with findings.	Filing systems - adidas SEA staff during factory audits / visits in late July and August reviewed the requirements for proper management and organisation of personnel files. The personnel filing system should be organised so that all information is centralised and all documents relating to an individual can be found on one file only. The goal is to locate all documents relating to a worker within 15 minutes of random selection of the worker. Worker files should be updated and kept on the factory premises. Voluntary over time - The policy of voluntary overtime must be documented in the factory regulations, together with the procedure by which a worker can advise a supervisor that he/she is not available or not willing to do overtime. The factory is prohibited from imposing penalties of any form upon workers who refuse to work overtime. Factory is required to amend the rules to include the policy and distribute to workers. Factory also required to conduct ongoing supervisor training on the voluntary overtime policy and process by which workers may refuse overtime. Train supervisors in the relevant la	Deadline for (1) completing cross-check of, and updating of all contracts; and (2) verifying voluntary overtime policy and implementation, agreed with Nike - July 2003	-	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	E.mail and other communications with factory.
3. Child Labor										
		No Non Compliance issue observed								
4. Harassment or Abuse										
Verbal abuse	FLA Benchmark: 1. Employers will prohibit screaming, threatening, or demeaning verbal language. 2. Security practices will be gender-appropriate and non-intrusive.	It was found in the workers interview process that some of supervisors and security guards use demeaning and threatening verbal language.	worker interviews, no written documentation found		Nil	Supervisor and middle management teams to receive training on proper treatment of other employees and basic management of problems on the production floor. Supervisors should receive a handbook, upon which training based, setting out proper disciplinary measures, grievance systems; and warnings / sanctions for improper use of authority or abuse of workers.	Deadline agreed with Nike - July 2003	Factory should provide training course for supervisors and will continue to give warnings to security guards.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	E.mail and other communications with factory.
5. Nondiscrimination										

Pregnancy testing	FLA Compliance Benchmark: 1. Employers will not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	Some workers reported that pregnancy tests were conducted. The company has issued an announcement about prohibited jobs for pregnant workers. During the application process some workers were asked questions concerning their contraception practices.	Company announcement and Job application form.		Nil	Pregnancy or other improper medical testing must not be conducted. Recruitment process must focus on ability to do the job and not personal characteristics, such as parental status or pregnancy.	Deadline agreed with Nike - July 2003	Factory must clearly specify job position requirements.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-
Other- Age discrimination	FLA Compliance Benchmark: Employment decisions will be subject to the provision including hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	It was found that job advertisements request specific sex and age of applicants (females, 20-35 years old) in the position of sewing. And there is no rules or evaluation criteria for promotion of the workers and staff. The promotions depends on the supervisor's judgement and evaluation.	written job posting and advertisement		Nil	Recruitment process must focus on ability to do the job and not personal characteristics, such as age. Review all advertisement templates and job application forms to remove discriminatory questions/language.	Deadline agreed with Nike - July 2003	Factory must clearly specify job position requirements, with no reference to age.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-
6. Health and Safety										
Fire safety and evacuation	Thai law: Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety. Ministerial Regulation, Edition #2 (B.E.2535) enacted under Factory Act B.E. 2535. Chapter: Location, Environment, Premise Characteristic and Interior of Factory FLA Benchmark: All applicable legally required or recommended elements for safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	The stairwell is obstructed by the bonded fabric and cloth.	visual inspection		Exits - Agree that some stair wells and exits are obstructed by fabrics and other materials, including rubbish. Additionally, not all work areas have 2 exits (where required), and some exit doors found to be locked. Some exit aisles are too narrow (ie not 1.1.m wide as required by adidas standards). Signage - Existing directional and exit signs are insufficient and/or confusing. No smoking signs not posted sufficiently around the factory. Evacuation - No documented fire and emergency evacuation plan. Floor plans / evacuation routes not posted in production areas.	Exits - Create additional exits at the warehouse area. Ensure that all exit doors are unlocked from inside. Mark all aisles with the exit arrow (white with green background). Widen the aisles to at least 1.1m wide. Make sure that stairs, aisles and other exit points are free of obstruction. Ensure that all the items that are not used are isolated from production and stored properly to minimize risk of fire. Signage - Relocate the exit signs to the more appropriate location to ensure that workers understand where to escape in case of fire and to ensure all exit routes are clearly indicated. Post prominently 'No Smoking' signs in areas where smoking is prohibited. Evacuation - Develop a clear written fire & emergency evacuation plan. Make proper floor maps for all buildings (including office and dormitory). The floor maps must be a reasonable size and should be prominently displayed.	Exits & Evacuation - 30 September 2003. Signage - 31 October 2003	Aisle widening will be carried out in 2004 when the factory undergoes re-layout.	Exits & Evacuation - Done; Signage still in process.	Physical inspection and feedback from factory.
Fire protection system	Thai OSH law: Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety. FLA Code: All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	The factory did not inspect CO2 fire extinguisher in the factory. Several fire extinguishers are placed on the floor. No safety signs posted to indicate the location where the fire extinguishers are installed. No fire alarm on floor 4 and 5 of the office building (factory 1)	visual inspection	The factory maintains a reserve of water for fire extinguishing, which is not often found in Thai apparel factories.	Agree with findings. Additionally: Accessibility - Access to several fire alarms blocked. Not all extinguishers clearly marked and accessible.	All location of fire extinguishers must be clearly marked (using proper signs). Remove the obstructions from all fire alarm points. Extinguishers must be inspected on regular basis and in accordance with local regulations.	30 September 2003; inspections ongoing	-	Basic remediation items completed. adidas SEA staff to check equipment inspection records during future visits.	Physical inspection and feedback from factory.

Electrical wiring	Thai OSH law: Notifications of Ministry of Interior, RE: Safety at Work in Work Related to Electricity FLA Code: All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	There were many items stored in front of the main electrical switchboard box which is a potential fire hazard.	visual inspection	The electrical wiring is cased and placed overhead in rigid tubing.	Agree with findings. Additionally: Cables - Not suitably insulated and protected on all trailing leads and extension boxes; not adequately suspended (i.e. lying down on the floor); not maintained in sound and properly serviceable manner. Wiring - 'Spaghetti wiring' and dangerous electrical 'joints' found on some floors, especially round computer server room and around outside of building where main electrical supply is attached to factory buildings. Electrical distribution boxes – not kept locked; some in poor condition. Hot work - In the front of Building 2, at the construction area, hot-work in process, but no hot-work permit system in place. Signs - Warning signs restricting access to high voltage areas are not clearly displayed in the location.	Cables - Fix all the damaged and/or not suitably insulated cables on all trailing leads and extension boxes, and provide proper protection. Conduct regular inspections of all cables regularly. Check all the cable arrangements to ensure that all cables are adequately suspended to avoid being damaged. Set up a proper cable maintenance program and also evaluate the current arrangement to ensure that cables can be serviced properly. Wiring - Fix all the dangerous joins properly and re-organise any dangerous wiring. Electrical distribution boxes - Ensure that all electrical junction boxes are kept closed and ensure that each switch are filled with plastic cover Hot work – Introduce hot work permit system. Electricians and other maintenance staff must undergo appropriate training at authorized institution, and obtain necessary qualifications, license or certificate. Signs – Display prominently appropriate warning signs on the high voltage area to restrict access to authorized person only.	30 September 2003	Factory has been inspected by electrician. Hot work removed to safer area.	Basic remediation items completed. adidas SEA staff to provide further instructions regarding hot work permit system.	Physical inspection and feedback from factory.
Medical facilities and first aid	Thai OSH law: Notification of Ministry of Interior, Re: Safety at Work in Work related to hazardous Chemicals	The factory did not provide proper annual medical checks for the employees who deal with hazardous chemicals.	Record Review	Posted list of stocked medicine on the first aid box cover. Posted statement of medicine property adjacent to the first aid box. Posted name of the person, who takes care of the first aid boxes is on the box cover.	Agree with findings.	Factory must provide annual and other medical checks for employees in accordance with local regulations.	Ongoing	Factory agreed with Nike to organise medical checks annually.	adidas SEA staff to follow-up on this item during future visits.	Nil to date.
	Thai OSH law: Notification of Ministry of Interior, RE: Prescribing Welfare in Connection with the Health and Sanitation of Employees	The factory did not provide a professional nurse in the first aid clinic (on all work days).	visual inspection		Agree with findings.	Proper clinic/medical services and staff must be provided.	Deadline agreed with Nike - July 2003	Factory agreed with Nike to recruit a clinic nurse.	Still requires follow-up by adidas SEA staff.	Still requires follow-up by adidas SEA staff.
Machine guarding	Thai OSH law: Notification of the Ministry of Interior, RE: Safety in the Use of Machinery. FLA Benchmark: All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	The moving parts (belt and pulley) of the cloth whirling machine, a machine used to remove excess water from the cloth is not appropriately guarded.	Visual inspection		Fusing machine at the second floor is located adjacent to supervisor's desk. Additionally, there is work-in-progress all around the machine. Machine emits heat and operates at high temperatures, and should be located separately. The area should be marked off to ensure that workers realize there is a 'danger zone'.	- Provide the appropriate guarding on machinery. - Where necessary, areas around hot/dangerous machinery should be marked off indicating 'hazardous area'. - Relocate supervisor's desk away from fusing machine.	Cloth Whirling Machine - deadline agreed with Nike - July 2003; 'Hazardous' area markings - agreed with adidas - 30 September 2003	-	Markings still require some improvement.	Physical inspection and feedback from factory.
	Thai OSH law: Ministerial Regulation, Edition #2 (B.E.2535) enacted under Factory Act B.E. 2535. Chapter: Location, Environment, Premise Characteristic and Interior of Factory	Notification of the carrying capacity of the elevator is not available. (not posted at the elevator)	Visual inspection		Agree with findings. Load capacity (no. of people, kg / lbs) is not clearly displayed on all elevators. Warning signs ("in case of emergency do not use") are not posted next to all elevators. Interlocking devices are not fitted on all elevators in Building 2 of the facility.	- Display prominently the load capacity on all elevators. - Post prominently warning signs on all elevators. - Interlocking devices must be installed on all elevators.	Deadlines agreed with Nike - July 2003; subsequent agreement with adidas - 30 September 2003	-	Done	Physical inspection and feedback from factory.
PPE	Thai OSH law: Notifications of Ministry of Interior, RE: Safety in Use of Machinery. Notification of Ministry of Interior, Re: Safety at Work related to Hazardous Chemicals FLA Benchmark: Workers shall wear appropriate protective equipment to prevent unsafe exposure to hazardous elements including medical waste.	No ear plug and ear muff for the washing operator. No appropriate mask for spot cleaning operator. No safety shoes for material handling operator.	Visual inspection		Agree with findings. Additionally, there are no 'hearing protection' warning signs displayed in the generator room.	- Post prominently 'hearing protection' warning signs in the generator room. - Provide adequate PPE for other jobs specified.	Deadlines agreed with Nike - July 2003; subsequent agreement with adidas - 30 September 2003	Factory agreed with Nike to provide all necessary PPE.	Warning signs posted. Adequate PPE still not provided to staff at washing machines, such as boots and ear-plugs. adidas SEA staff to follow-up on other points.	Still requires follow-up by adidas SEA staff.

Hazardous material management	Thai law: Notifications of Ministry of Interior, Notification of Ministry of Interior, Re: Safety at Work in Work related to hazardous Chemicals FLA Benchmarks: All chemicals and hazardous substances should be properly labelled and stored in accordance with applicable law. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances.	MSDS of spot cleaning reagent is not posted in the place where the chemical is used.	Visual Inspection		Agree with findings. Additionally: Eyewash - No provision of eyewash facilities where chemicals are being used. "No smoking" signs - Not posted clearly and prominently where chemicals are used/stored. Banned chemicals - (Spot Lifter) being used and/or stored in the factory; found at the second floor of Building 1.	General - MSDS must be posted prominently where chemicals are used. Eyewash - Install eyewash facilities where chemical are stored and handled. "No Smoking" - The factory should post the sign to ensure that no smoking is allowed in that particular area. Banned chemicals - Immediately stop using the banned chemicals and remove all the stocks from the warehouse accordingly.	Deadlines agreed with Nike - July 2003; subsequent agreement with adidas - 30 September 2003	-	Suggested remediation actions mostly completed. Insufficient PPE being used. adidas SEA staff to follow-up on during future visits.	Physical inspection and feedback from factory.
		The factory did not provide training on chemical safety to the workers who deal with harmful chemicals	Record Review		Agree with findings.	Train all workers who works with chemicals on safe handling, at least twice a year or at the beginning of the employment.	Deadline agreed with Nike - July 2003	-	Not completed - outstanding	Physical inspection and feedback from factory.
Sanitation					Toilets - Unused toilets at the 3rd floor of building 2 are being used as a storage space. Soap/liquid soap is not available in the toilets. Toilet paper is not available. Paper towels or hot-air hand dryers are not available in the toilets. Drinking Water - At most of the drinking stations found common cups usage. Extreme risk of contagion, infectious diseases. Waste Management - Arrangements for removing rubbish from the workplace are not adequate.	Toilets - Remove all the raw-materials items from the toilet area. Spare toilets should not be used as storage area. If not being used the sign must be posted. Soap/liquid soap must be provided in all toilets. Provide adequate toilet paper in all toilets. Provide sufficient paper towels or hot air hand dryers. Drinking Water - Workers must use their own drinking vessels clearly marked with name and as 'drinking water' so there are no confusion with other liquid (e.g. chemical) in production area. Waste Management - Set up better arrangements for removing rubbish from the workplace. Provide sufficient waste bins / containers throughout factory.	30 September 2003	-	Done	Physical inspection and feedback from factory.
Others			Record Review	SSOP for all job functions is developed and delivered directly to all workers through training. E41						
Other					House-keeping - Factory areas are not maintained in a clean and tidy state; many rooms are stacked with dusty cardboard boxes and other items which should be sorted and/or disposed of; indicates poor storage and housekeeping conditions.	Implement housekeeping program (ie 5S) to maintain the factory condition in a clean and tidy state at all Workers must be properly trained to keep all the passage ways clear from obstruction and daily inspection must be done.	30 September 2003	Nil	Done	Physical inspection and feedback from factory.
7. Freedom of Association and Collective Bargaining										
Unfair dismissal		None		None	Please see comments above regarding failure to follow-up on workers who leave the factory without notice, and lack of consistent documentation on termination employment. adidas SEA staff question whether workers may have been unfairly dismissed, but as there are no clear records, this issue remains unresolved.	-	-	-	-	-

Other: Welfare Committee Arrangement	* Labor Protection Act B.E. 2541 Chapter 7, section 96: In business establishments where there are fifty or more employees.....The directors of welfare committees in such; business establishment shall be elected in accordance with the rules and methods as prescribed by Director-General. Where a employees' committee..... * D49 Chapter 7, section 99: For the employees' information, the employer shall post at a public place at the employee's work place the notifications of the provision of welfare under ministerial regulations issues under section 95 or pursuant to an agreement with the employees.	It was found that the workers are not aware of the welfare committee and there was no election of the welfare committee. The committee was set up by the factory, which is against the Thai Labor Protecting Act (TPLA) B.E. 2541. And the minutes of meetings between the welfare committee and the management was not posted in a public place. They were kept in a file which is against the TPLA. B.E 2541 Chapter 7, section 99..	Worker interview and no supporting documentation.		Nil	Factory must comply with the local regulations in respect of establishment of committee, its function and election processes. Employees should receive information about the committee and training on its function within the factory.	Deadline agreed with Nike - July 2003; adidas - this is an ongoing remediation item	According to management, the Welfare Committee has a monthly meeting with management and the meeting results are widely communicated to the workforce. Management agreed that it must provide better information and training o the welfare committees and its ongoing role - especially in the orientation training received by new employees.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-
8. Wages and Benefits										
Poor time-recording system		None		Good system	Agree that there is a time recording system in place. However, according to adidas SEA investigations, time recording/payroll system has the following problems: - Working hours not always recorded, eg no clear records for Sunday work. - No systematic cross-check between working hours records and supervisor/manual records on over time. - No proper link between working hours system and payroll software. - Payroll structure is not clear and does not show all necessary items, such as working hours, break down of wages for regular work hours vs over time hours. - Some concern that factory engages in double-book keeping.	Upgrade the payroll process by linking computerized system. Ensure that payroll format is in accordance with adidas SOE standard as well as in comply with other brand's standard (e.g. Nike, Gap) as requested by them. All working hours regardless of when they are worked must be recorded and cross-checked against manual records. Payroll must conform with acceptable standards (transparency and accuracy) and show the correct items / information.	No deadline agreed to by management. adidas has issued timeline for completion by end November 2003.	-	During recent discussions / correspondence, management has committed to improve their IT system in order to be in comply with the SOE standards for the pay-roll and time recording records, and create a linkage between attendance card records and overtime calculations, as well as re-format the payroll columns. Management was given a copy of our standard payroll process as a sample. Time frame for implementation: expected to start at the beginning of October, once all the related software is installed.	Meeting at adidas Bangkok sourcing office between senior adidas management and factory management.
Incorrect payment of wages	FLA Benchmark: Workers paid on the basis of incentive quotas will be paid not less than the minimum or prevailing wages whichever is higher. 2. Regardless of any production quotas, incentives will not be reduced or unpaid if the result will be a wage below the minimum wage.	For the piece rate workers, it was found that in the accounting log, it shows that common basic wages and piece rate compensation are based on average bi-weekly not daily rates. Under this system some days the worker receives less than the basic or premium wage.	Payroll and print out of summary sheets for November 2002, March 2003, April 2003 .		Agree with findings.	All regular and over time rates for piece rate workers must be calculated based on the per hour premium, in order to ensure proper wage payment to all categories of workers.	Deadline agreed with Nike - August 2003	Factory management agreed to follow the daily / hourly rates instead of applying lower piece rates.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-
Lack of legal benefits	LPA Chapter 5, section 60; For the purpose of payment of wages under Section 56, 57, 58, 59 71 and 72 , in the case where an employee receives wages according to work units performed, the employer shall pay wages for a holiday or day of leave in an amount equivalent to the average daily wage rate that the employee received during the payment period prior to such holiday or day of leave. FLA Compliance Benchmarks: 1.Workers will be paid for holidays and leave as required by law.	The piece rate workers have been paid for leave in a manner contrary to the Thai Law.: Payroll systems and production based figures show that sewing section (piece rate group) workers are compensated on a daily minimum wage for calculating holiday or other compensation pay.	Payroll and worker interview		Agree with findings.	See comments directly above.	Deadline agreed with Nike - August 2003	Factory management agreed to follow the daily / hourly rates instead of applying lower piece rates.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-

Workers unclear of wages and benefits	FLA Benchmark: Employer will communicate orally and in writing to all employees in the language of the worker. The wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.	Some of the workers do not understand wages and benefits.	Worker interviews		Agree with findings.	Employees to receive basic training in wage calculations (for regular and over time hours worked) and factory provided benefits.	Deadline agreed with Nike - August 2003	Factory management agreed that it should provided better detail in the worker payslips and post information on the factory notice boards regarding wages and benefits calculations.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-
Other					- Deductions column included in payroll with no clear information / policies regarding what type of Deductions are being made. - No proper canteen provisions for workers.	adidas has provided information on basic expectations regarding payroll structure, including which deductions are considered legal and/or reasonable and which deductions are considered to be a breach of the SOE. adidas has also provided feedback on the canteen conditions.	Payroll deductions - 30 September 2003 ; Canteen - no deadline agreed to by management	-	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-
9. Hours of Work										
Forced overtime		No record is kept to demonstrate voluntary overtime.			Agree with findings.	See comments above under <i>Forced Labour</i>	See comments above under <i>Forced Labour</i>	See comments above under <i>Forced Labour</i>	See comments above under <i>Forced Labour</i>	See comments above under <i>Forced Labour</i>
Lack of one day off in seven	LPA B.E. 2541; Chapter 2, section 28: The employer shall let the employee have at least one day per week as a weekly holiday and the interval between each weekly holiday shall not be longer than six days. The employer and employee may agree in advance to fix any day as a weekly holiday... FLA Benchmark: Workers are entitled to at least one day off in every seven-day period.	It was found by workers interview and in the broken needle records that some workers had worked on Sunday (March 30,2003 and April 20,2003) but this time was not recorded in the time record sheet.	Broken needle report on March and April 2003.		Agree with findings.	Workers must be given one consecutive 24 hour period of rest per week. The factory must not work more than SOE limit of 60 hours in total per week. Where Sundays or holidays are worked, these hours must be recorded. See notes above under <i>Wages & Benefits / Poor time recording system</i> .	Deadline agreed with Nike - July 2003	Management stated that supervisors must pay careful attention to recording all working dates.	During recent discussions / correspondence, adidas has outlined repeatedly the SOE requirements. SEA staff need to verify whether workers are still be required to work on Sundays during next visit to factory - worker interviews.	Meeting at adidas Bangkok sourcing office between senior adidas management and factory management.
Poor record-keeping		None		None	Disagree with (lack of) findings. Please notes above under "Poor time-recording system".	Please notes above under "Poor time-recording system".	Please notes above under "Poor time-recording system".	Please notes above under "Poor time-recording system".	Please notes above under "Poor time-recording system".	Please notes above under "Poor time-recording system".
Other	LPA B.E. 2541; Chapter 2, Section 32: The employee shall be entitled to take sick-leave for such days as the employee is actually ill. If sick-leave is taken for three or more working days, the employer may require that the employee produced a medical certificate from a first class modern physician or from a government clinic. If the employee cannot produce a medical certificate from a first class modern physician or from a government clinic, the employee shall give an explanation to the employer.	The employees are requested to present a medical certificate after 1 day of sick leave. If the workers cannot produce a medical certificate, they will not be paid for the sick leave.	Worker interviews		Nil	Factory to implement reasonable policy regarding sick leave and circumstances under which workers must present a medical certificate.	Deadline agreed with Nike - July 2003	Management states that factory requires workers to present a medical certificate after 3 days consecutive sick leave.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-
10. Overtime Compensation										

Incorrect wage rate for OT	LPA B.E. 2541; Chapter 5 , section 61; In case the employer requires that the employee work overtime on a working day, the employer shall pay overtime pay at the rate of not less than one and a half times the rate of hourly wage of normal working hours for the hours of overtime, or not less than one and a half times the rate for each work unit performed on a working day for employees who receive wages calculated on a work unit performed basis. FLA Benchmark: Where workers are paid on a piece rate, the payment for overtime work performed shall result in no less payment than the premium pay required by law.	The factory has calculated overtime rate for piece rate worker at 10.56 Baht per hour, not on the work units performed.	Payroll of Nov. 2002, March. 2003 and April. 2003.		Agree with findings. Factory does not pay the proper OT rates during the week (150%), on the weekend (200%) and on national holidays (300%). Eg, according to payroll review, Sunday work is not paid at the correct rates.	Factory must pay the correct over time rates (200% of regular rate) if the worker comes to work on Sunday. The over time rates must be calculated based on the per hour premium.	Deadline agreed with Nike - August 2003	Management states that it will follow the Thai labour law in respect of over time calculations.	Factory management has not provided sufficient feedback on these issues. adidas SEA staff to follow-up during future visits.	-
Other					Work in excess of the 60 hour weekly limit, which does not comply with the adidas Standards of Engagement on working hours, or the codes of other buyers.	- Working hours must not exceed the SOE weekly 60 hour limit without notification to adidas. - Factory required to conduct ongoing supervisor training on the voluntary overtime policy and process by which workers may refuse overtime. Train supervisors in the relevant labor law provisions and the adidas SOE requirements in relation to the 60 hour week and voluntary overtime. - adidas has established, as part of its SOE strategy and project planning for 2003, a Working Hours Task Force with the mission of researching root causes of, and then formulating strategies for minimizing, excessive working hours. - The rest day must be provided within every 7 day period worked. In case of work on regular rest days due to production emergencies or force majeure, an alternative rest day must be provided, and the factory must re-schedule the work timetable to comply with the local law. - All work related activities or other attendance at the factory outside of the schedule production times must be recorded as over time and paid at the correct rates. Total time worked must be recorded in proper records.	Ongoing	-	adidas SEA Team to follow-up on this issue during future visits.	-
Miscellaneous										
subcontracting		The factory has used ["*"] as a sub-contractor for producing "Nike" products, we were informed this has been approved by Nike.		None	Nii	-	-	-	-	-