

*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 IEM Profile         |  |
|-------------------------|--|
| Country                 | Pakistan   |
| Factory name            | 01005787B  |
| IEM                     | SGS Pakistan (Pvt) Ltd.  |
| Date of audit           | 12-13 August 2003  |
| PC(s)                   | Adidas-Salomon   |
| Number of workers       | 223 + 205 contractual  |
| Product(s)              | Foot ball  |
| Production processes    | Lamination, panel cutting, printing, stitching, washing cleaning and packing |
| Other brands in factory |  |

| FLA Code/ Compliance issue                    | Findings  |   |   |                                |                                | PC Internal Audit (Optional) | Remediation   |  |                             |              |   |
|---|---|---|---|--------------------------------|--------------------------------|------------------------------|---|--|-----------------------------|--------------|---|
|   | Country Law / Legal Reference   | FLA Benchmark   | Monitor's Findings  | Documentation                  | Best Practice                  |                              | PC remediation plan   | Target Completion Date   | Factory response (optional) | PC follow up | Documentation   |
| <b>1. Code Awareness</b>                      |   |   |   |                                |                                |                              |   |  |                             |              |   |
| Confidential non-compliance reporting channel |   | Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so. | PC has not put in place a confidential noncompliance reporting mechanism. | verified during interviews     | Workers Committee is in place. |                              | This issue has been identified by the SEA Team previously and included in internal SOE action plans provided to management in September 2003. As a first step, adidas recommended that suggestion boxes be made available and placed in areas convenient for workers.   | 1 November 2003  |                             |              | Suggestion box in place - inspected and photographed by Adidas staff. Boxes still require instructions and other information regarding use and function to be posted. |
| <b>2. Forced Labor</b>                        |   |   |   |                                |                                |                              |   |  |                             |              |   |
| <b>3. Child Labor</b>                         |   |   |   |                                |                                |                              |   |  |                             |              |   |
| <b>4. Harassment or Abuse</b>                 |   |   |   |                                |                                |                              |   |  |                             |              |   |
| <b>5. Nondiscrimination</b>                   |   |   |   |                                |                                |                              |   |  |                             |              |   |
| <b>6. Health and Safety</b>                   |   |   |   |                                |                                |                              |   |  |                             |              |   |
| <b>PPE</b>                                    | As per the Local Law, Section 33 of Factories Act 1934, PPE should be practised where required. | Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.                                 | PPE not being used in lamination department.                              | Inspection of production floor |                                |                              | Agree that workers are not wearing their PPE correctly or that they are not provided with the appropriate PPE. This issue highlighted in September 2003 action plans provided to factory.<br>During factory revisit on 27 December 2003, workers were found again not wearing PPE in the Lamination and Printing Departments. During worker interviews, adidas staff were told that workers are not comfortable with the PPE and would prefer not to use it. Further, management insists that due to the cyclone exhaust systems, workers do not need any PPE.<br>The PPE provided by management will be sent to the Adidas in-house health & safety expert for comment and levels of VOC and ammonia must be examined thoroughly by the SEA Team. In the event that the current exhaust system is able to reduce the VOC levels to acceptable limits, management will be required to install filters only to avoid environmental pollution. Otherwise, a more effective exhaust system achieving total local exhaust must be fitted. | Originally by 1 November 2003. Following December visit, full evaluation to be conducted in February 2004. |                             |              | Inspected and photographed by Adidas staff.   |
| <b>Safety Equipment</b>                       |   | 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  | First aid box found empty in lamination department                        | Inspection of production floor |                                |                              | Agree that first aid boxes are insufficient or not properly stocked, and that the clinic is not suitably equipped. This issue highlighted in September 2003 action plans provided to factory. Management to ensure that kits and clinic are properly stocked by assigning responsibility for this task, conducting regular inspections, and keeping a record of the inspections.  | Originally by 1 November 2003. Revisit on 27 December 2003 - First Aid Boxes found suitably equipped.      |                             |              | Inspected and photographed by adidas staff.   |

| FLA Code/ Compliance issue                            | Country Law / Legal Reference   | Findings   |  |   |               | PC Internal Audit (Optional) | Remediation  |  |                             |              |   |
|---|---|--|--|---|---------------|------------------------------|--|--|-----------------------------|--------------|---|
|   |   | FLA Benchmark  | Monitor's Findings   | Documentation   | Best Practice |                              | PC remediation plan  | Target Completion Date   | Factory response (optional) | PC follow up | Documentation                               |
| <b>Fire Safety Health and Safety legal compliance</b> |   | Health and Safety: Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits   | No fire drills record found for workers of stitching halls. During surprise rehearsal of fire alarm we noticed that all workers gathered at assembly point except the workers of stitching halls.        | Inspection of fire drills record and surprise rehearsal of fire alarm |               |                              | Agree with findings. On carrying out another surprise fire drill during December visit, again all workers gathered at the assembly point except those workers from the stitching centres. Adidas staff and factory management discussed this problem and management has promised to fully brief all stitches and carry out another drill.  | 10 January 2004  |                             |              |   |
| <b>Evacuation Procedure</b>                           |   | All applicable legally required or recommended elements of 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 | There are 08 stitching halls, 04 at each floor. But each hall contains only one fire exit. There is one cafeteria for all workers of the facility which contains only one fire exit and also not marked. | Inspection of production floors and cafeteria                         |               |                              | Agree that there are insufficient fire exits in some of the work areas. This issue highlighted in September 2003 action plans provided to factory. Adidas staff have highlighted which areas require 2 exits and provided specifications regarding the exit doors, signage, exit plans etc.  | Originally by 1 November 2003. Following December visit, Management agreed to consult with architect to resolve this issue and advise Adidas staff of the agreed time-lines. |                             |              | Inspected and photographed by adidas staff. |
| <b>Sanitation in Facilities</b>                       | Factories Act 1934 section 21, Latrines and Urinals of prescribed type, section 13, Cleanliness of the facility.  | All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws   | Toilets at stitching unit were dirty and bad smell found. draining system not in operation. No wash basin, soap, and towel available for hand washing.   | inspection of wash rooms  |               |                              | Agree that the bathrooms are in poor condition. SEA Team previously found them to be dirty, not well ventilated and filled with a bad odour. This issue was highlighted in September action plans requiring management to ensure that bathroom sinks and showers have running water, soap and toilet paper be provided and paper towels or hot air hand dryers be available. During revisit on 27 December, found the drainage system had been rectified. However, still no soap or towels were provided. Management promised to put these things in place immediately. They also agreed to place flush tanks for proper drainage by end January 2004. | Originally, 1 November 2003. To be completed by end January 2004.  |                             |              | Inspected and photographed by adidas staff. |
| <b>Sanitation in Facilities</b>                       | As per Factories Act 1934, section 22 it requires that every factory should have at least one spittoon  | All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws   | No spittoon found in any department as required by local law   | Visual inspection of production floors                                |               |                              | The adidas HSE Guidelines do not make any mention of spittoon requirements. However, management has agreed to install a spittoon in accordance with local laws.  | 15 January 2004.   |                             |              |   |
| <b>Record Maintenance</b>                             | Section 23 and 23A requires that each worker should have hygiene cards and vaccination against the current diseases   |  | There is no hygiene card and vaccination record of workers.  | workers interviews and employees personal records                     |               |                              | Factory management has agreed to organise vaccination records and hygiene cards for all workers.   | 10 February 2004.  |                             |              |   |
| <b>Safety Equipment</b>                               | As per Section 25 requires that there should be six sand filled fire buckets for floor space up to 6000 SQ. Ft. and one additional per each extra 1000sq. ft. painted in red. | 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.  | There are no sand buckets at any floor of the facility   | Visual inspection of the production floor                             |               |                              | During the revisit on 27 December, the buckets were still not in place. Management argues that under the old system, this was a requirement but now that the factory has multi-purpose fire extinguishers and hose reels in place, the sand buckets are no longer necessary. Management to organise for local fire authorities to inspect and confirm whether current equipment is sufficient to comply with local regulations and recommendations.  | Management to advise.  |                             |              | Inspected and photographed by adidas staff. |

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|--|---|--|---|---|---------------|------------------------------|---|---|-----------------------------|--------------|---|
|  |   | FLA Benchmark  | Monitor's Findings  | Documentation                                   | Best Practice |                              | PC remediation plan   | Target Completion Date  | Factory response (optional) | PC follow up | Documentation                               |
| <b>Evacuation Procedure</b>                                | Minimum two fire exits are required and should not be locked during working hours.            | All applicable legally required or recommended elements of 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 | Two fire exits were found locked, one at press cutting and one at counting department.  | Visual inspection of production floors          |               |                              | During revisit on 27 December 2003, the exit door at counting department was found unlocked. However the exit door at cutting department was found to be still locked. Management argues that it is not necessary to maintain this door as an emergency exit. Therefore, they removed the EXIT sign and locked the door. However, after further discussion, management has agreed to restore the exit and arrange for a locking system which allows doors to open from the inside only.   | 15 January 2004.  |                             |              | Inspected and photographed by adidas staff. |
| <b>7. Freedom of Association and Collective Bargaining</b> |   |  |   |   |               |                              |   |   |                             |              |   |
| <b>No proper grievance or complaint system in place.</b>   | FLA Code  |  | In employees Guide book there is a freedom of association policy. There is no legal union. But there is a liberty to make union. In absence of legal union there is no internal complaint or grievance system in place. | from interview with the management and workers. |               |                              | Management has addressed communication issues to some extent:<br>- Previous visits to the factory by the SEA Team have found the Workers Committee to be functioning well. During revisit on 27 December 2003, adidas staff discussed with management how the Workers Committee might be made more effective, and other mechanisms for improving management-worker communications.<br>- See the notes above regarding installation of suggestion boxes.<br>However, the factory must develop a formal grievance and complaint system which is well communicated to workers and properly managed. adidas has suggested that the management agree on a written policy/procedure with the Workers Committee and invite the committee to introduce and explain the grievance/complaint mechanisms to workers. | Ongoing   |                             |              |   |
| <b>8. Wages and Benefits</b>                               |   |  |   |   |               |                              |   |   |                             |              |   |
| <b>Timely Payment</b>                                      | Violation against defined criteria for the payment of the wages of the contractual stitchers. | All compensation shall be paid in a timely manner.   | It has been observed during the interviews that employees are being paid fortnightly and not weekly.  | Workers interviews and contracts review.        |               |                              | According to the written policy, normally piece rate workers are paid on a weekly basis. Management states that in exceptional cases, workers have been paid fortnightly. Adidas SEA Team to further investigate this issue and determine what the exceptional cases are and how to alleviate them.   | Adidas to report back to FLA on this issue following next visit by SEA Team members to the factory. |                             |              |   |
| <b>9. Hours of Work</b>                                    |   |  |   |   |               |                              |   |   |                             |              |   |
| <b>10. Overtime Compensation</b>                           |   |  |   |   |               |                              |   |   |                             |              |   |