

*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 Monitoring Visit Profile	
Country	Macau
Factory name	16024491B
IEM	Kenan Institute Asia
Date of audit	July 29,2003
Days in the facility	1
PC(s)	Twins/Agron
Number of workers	145
Product(s)	hats
Production processes	

FLA Code/ Compliance issue	Findings					Remediation			
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	PC follow up
<b>1. Code Awareness</b>									
Code posting/information		FLA Principles of Monitoring, Obligations of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	It is unclear which codes are of importance to the factory.	visual inspection		Post Adidas Standards of Engagement in the local language, and educate supervisors and workers on the meaning of these standards.	10/31/2003	the Adidas SOE poster in local language has been display in factory already. Also will take a training to educate supervisors and workers on the meaning of SOE.	Poster displayed and training ongoing
Worker/management awareness of Code		FLA Principles of Monitoring, Obligations of Companies: 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.	The use of codes has not been communicated to the workforce.	worker interviews		Same as above.	10/31/2003	Same as above.	Same as above.
Confidential non-compliance reporting channel		FLA Principles of Monitoring, Obligations of Companies: 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.	No secure communications channel exists in the factory.	worker interviews, management interview and visual inspection		Factory must develop a system in which workers can communicate non-compliance concerns to management without fear of reprisal or punishment.	10/31/2003	Will set up a suggestions box for workers.	Suggestion boxes put out for workers.
<b>2. Forced Labor</b>									
<b>3. Child Labor</b>									
<b>4. Harassment or Abuse</b>									
Disciplinary practices		Employers will utilize consistent written disciplinary practices that are applied fairly among all workers	Factory fines were reported as follows: workers arriving late receive warning, second time a fine of 30 Macau dollars. However, If they ask for one hour leave then they are fined legally (per minute based on their hourly rate).	Workers reported fines of one dollar per minute. However, payroll records indicate workers misunderstood the policy.		Factory must develop written disciplinary practices that are applied fairly among all workers. Fines for missed time cannot exceed the pay rate for that same time.	10/31/2003	1. Fines for missed time won't exceed the pay rate. 2. Will have a documents to clarify the policy to all workers that will be ready by 10/31/03.	Workers received information on new disciplinary policies. All practices within our guidelines for compliance with workplace standards.

FLA Code/ Compliance issue	Findings					Remediation			
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	PC follow up
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	No such records presented.	records review		Factory must maintain written records of all disciplinary actions taken.	10/31/2003	The written records will be maintained completely.	Records maintained
<b>5. Nondiscrimination</b>									
<b>6. Health and Safety</b>									
Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language	In the spot lifting area there is no appropriate signage, MSDS or PPE (trichloroethane present).	visual inspection		Factory must post MSDS signage in the local language as well as provide workers with appropriate protective equipment to work with those chemicals.		MSDS will be provided by chemical vendors & factory will post up at working place, with appropriate protective equipment.	All protective equipment provided and MSDS provided.
Evacuation Procedure	Macau Health and safety regulations: all exits shall be well lighted and in good condition and not be blocked. The number of emergency exits shall be relevant with the number of workers.	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	Evacuation plans are not clear and no indication of "you are here" present. In Room # 3 the evacuation plan denotes a fire exit: which was found locked and blocked with boxes. We found it suspect that the only information found in the factory in English was a fire drill record (which appeared to be copied), there were no supporting documents either in English or Chinese of how the procedures were conducted. In addition, several workers reported that they had not participated in any fire drills.	visual inspection		Factory must develop evacuation plans which reflect all legally required elements of safe evacuation in the local language. Fire exits must be kept clear at all times, and fire drills should be conducted and documented on a regular periodic basis.	11/15/2003	1. Evacuation plans will be ready before 11/15/2003. 2. Fire exits has been clear and fire drills will be conducted and documented on a regular periodic basis.	Evacuation plans in place. Fire exits cleared. Fire Drills practice
Safety Equipment	Macau Health and safety regulations: the fire fighting equipment shall be properly fixed and easy to access for workers. Regular inspections about their operation are necessary.	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	Approximately 80% of the fire fighting equipment (fire extinguishers and hoses) are blocked by various items and not accessible in an emergency situation. One extinguisher was found on the floor. In addition, the fire alarms are encased in glass with no hammer to break the glass.	visual inspection		All fire safety equipment should be kept clear and accessible at all times. Hammers should be placed near glass covered alarms.	10/31/2003	1. Fire safety equipment has been kept clear and accessible at all times. 2. Have placed the hammer near glass covered alarms.	Complied with Fire Safety.
PPE	Macau Health and safety regulations: workers shall wear appropriate protective equipment.	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.	In the spot lifting area there is no appropriate signage, MSDS or PPE (trichloroethane present). In Room #1, there is a substantial amount of dust in the atmosphere, but no PPEs are supplied or utilized.	visual inspection		Factory must post MSDS signage in the local language as well as provide workers with appropriate protective equipment to work with those chemicals.	11/15/2003	1. Confirm to post MSDS signage as request for chemicals using. 2. Will provide PPE's to protect workers in certain environment.	All protective equipment provided and MSDS provided.
Chemical Management	Macau Health and safety regulations: Chemicals shall be properly stored in a safe area.	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances	There is apparently no chemical storage area.	visual inspection and management interview		Factory must create a separate chemical storage area for all dangerous chemicals.	10/31/2003	Will create a separate chemical storage area for all chemicals, & post a MSDS signage	Separate storage area designed with appropriate signage.

FLA Code/ Compliance issue	Findings					Remediation			
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	PC follow up
Machinery Maintenance	Macau Health and safety regulations: All machines shall be correctly kept and maintained regularly.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	The hat clamping machine appeared dangerous and should not be operated with a foot pedal.	visual inspection		Factory should explore safer operation method of hat clamping machine in question.	11/15/03	Will post the procedure of operation the hat clamping machine in the area, also take a training to workers.	Procedure Posted and training performed.
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees	No safety committee with worker involvement.	visual inspection and worker interviews		Factory should create a worker safety committee to address safety concerns and compliance	11/15/2003	Will create a worker safety committee	Committee formed.
Other		Extreme fatigue	Workers in Room #1 reported extreme fatigue and incidences of fainting. In addition, workers at standing stations have no resting area in the factory.	worker interviews		Standing work stations should be redesigned to reduce worker fatigue.	10/31/2003	will set up chairs to let fatigue workers for resting.	Chairs Provided.
<b>7. Freedom of Association and Collective Bargaining</b>									
Other		Workers representation	There is no form of worker representation, association or communication through suggestion box. Management said that workers should can raise grievances directly with management. Workers said that they did not feel comfortable with the grievance process.	visual inspection, workers' interview and management interview		Factory must develop a grievance system that can be used by workers to report problems or abuses. The system must allow for free worker participation.	11/15/2003	Will set up two different system for complain: 1. Complain box which will be ready before 11/15/03. 2. Talk to factory manager directly, it has been exist in factory already.	Suggestion/Complaint boxes set up.
<b>8. Wages and Benefits</b>									
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.	The factory could only present records for 2003.	visual inspection and management interview		Factory should change record keeping practices and begin keeping compensation records beyond one year.		The manager's office kept 2003 record for easy checking, records before 2003 have been kept in factory at different rooms. All records kept in factory completely.	All records will be available.
Accurate benefit compensation	Macau labor law: Workers shall get the same pay for the same kind of work.	All employees will be credited with all time worked for an employer for purposes of calculating length of service to determine the benefits to which workers are entitled	There are issues concerning the equity of pay between migrant workers and local workers. Local workers believe that migrant workers are driving down the standard wage.	Worker interviews		Factory must ensure that pay practices are in compliance with Macau labor law.		Pay practices at factory are in compliance with Macau labor law.	

FLA Code/ Compliance issue	Findings					Remediation			
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	PC follow up
<b>9. Hours of Work</b>									
Overtime Limitations	Macau labor law: The normal working time shall be less than 8 hours each day; workers shall have at least 30 minutes to rest during normal working time. Any overtime work is voluntary.	Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime or (b) the limits on regular and overtime hours allowed by the law of the country of manufacture or, where the laws of such country will not limit the hours of work, the regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	The month of January had excessive overtime hours and only one day of rest. Records prior to Jan 2003 were not available for inspection.			Factory must develop plan to ensure that workers do not work more than 60 hours per week, and that they are provided with at least one rest day within every seven day period.		Macau labor law for working hours will be scrupulously complied by factory.	
<b>10. Overtime Compensation</b>									
<b>Miscellaneous</b>									
Illegal subcontracting			Sub-contracting of a portion of their work is common practice (mainland China) and documented in the export papers.	document inspection and management interview					