

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.

4. Harassment or Abuse										
Verbal abuse by supervisors	FLA Code: Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.	Verbal abuse problem: [Some] workers interviewed complained about [department chief] in Factory [X] who often shouts at workers and verbally abuses workers who make mistakes. [A number of] workers reported that line leaders shout at workers.	Worker Interview Summary Report		adidas SEA Team has conducted SOE training for factory, including coverage of psychological and verbal abuse, and correct / appropriate disciplinary practices. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	Done	Factory Management has raised this problem immediately with the dept chief in factory 2 and provided the appropriate counselling to him and has highlighted to him the seriousness of verbal abuse to workers.	11 July 2003	Done	
Failure to discipline abuse by supervisors	FLA Benchmark, Harassment and Abuse: Management will discipline (could include combinations of counselling, warnings, demotions, and termination) anyone (including managers or fellow workers) who engages in any physical, sexual, psychological or verbal harassment or abuse.	No discipline taken by Mgt against abusive supervisors. [some] workers reported that line leaders shout at workers without any control or discipline from management.	Worker Interview Summary Report		See comments directly above.	31 August 2003	Factory management will conduct training with managers, supervisors and line leaders throughout the year to set out the factory's expectations in relation to treatment of workers. The management's policy on this must be documented and used as the basis of training and where any necessary action must be taken against supervisors for abusive behaviour.	11 July 2003	Done	
Psychological abuse	FLA Code: Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.	Mgt posts discipline actions identifying individual workers by name with intent to humiliate workers. [some] workers interviewed said that they felt embarrassed by having their discipline records posted.	Records Review, Worker Interview Summary Report		See comments directly above.	31 August 2003	Factory management will re-establish the internal communication management system and approach in order to ensure that any psychological, physical or verbal abuse which exists must be eliminated. This includes posting workers' names and disciplinary actions on notice boards.	11 July 2003	On-going	
5. Nondiscrimination										
Other	VN Labor Code, Ch.10, Article 115: An employer must not allow a female employee who is seven months or more pregnant or currently raising a child under twelve (12) months old to work overtime or at night. FLA Benchmarks, Non Discrimination: Employers will ensure that pregnant women are not engaged in work that creates substantial risk to the health of the pregnant woman.	Pregnant workers and mothers with infants are required to work OT in violation of local law.	Worker Interview Summary Report		adidas SEA Team has conducted SOE training for factory, including coverage of over time policy and guidelines. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	Immediate	Factory management will re-establish the overtime policy and announce to all workers that pregnant workers and women with infants should not work OT according to local law. Factory internal SOE Team will continue monitoring the progress.	11 July 2003	Done	
6. Health and Safety										
Fire Safety	FLA Benchmark, Health and Safety: 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.	Insufficient or missing fire extinguishers in storage areas of Factory 1, in the semi-finished and finished goods storage areas.	Visual Inspection		adidas has inspected the storage area and confirmed that the fire extinguishers have been sufficiently and appropriately installed.	30 June 2003	Due to renovation work, the fire extinguishers were put outside the storage area. The fire extinguishers have been put back to original position as the renovation work has been completed.	11 July 2003	Done	
Fire Safety	FLA Benchmark, Health and Safety: 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.	2 Fire alarm boxes blocked and inaccessible near embroidery section in factory 1.	Visual Inspection		adidas has inspected the embroidery section and confirmed that the fire alarm boxes are free from blockage.	Immediate	Factory management has cleared all the items that blocked the access to fire alarm boxes and will continue monitoring through internal regular audit program.	11 July 2003	Done	
Fire Safety	FLA Benchmark, Health and Safety: 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.	Flammable materials and machinery are stored under stairs used for emergency exits.	Visual Inspection		adidas has inspected the stairway area and confirmed that all items have been removed to a proper storage area.	30 June 2003	Factory management has cleared all the items under the stairway and will continue monitoring through internal regular audit program.	11 July 2003	Done	
Electrical Safety	FLA Benchmark, Health and Safety: 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.	Electrical safety hazards: There is an exposed and open electrical panel in the well/water pump/water tank area exposed to water dripping from overhead tank (located in close proximity [5m] to a row of cooking gas canisters). In the canteen monitors found one air compressor and one fan with no electrical plugs, only bare wires used for connecting to power source.	Visual Inspection		adidas has inspected the area and confirmed that the electrical panel has been closed and the wires have been properly insulated.	Immediate	Factory management has closed the electrical panel and insulated the wires properly, and will continue monitoring all the electrical safety through internal audit program.	11 July 2003	Done	
Other	VN Circular 22, 1996 (MOLISA) lists equipment, including air compressors, which require permits. FLA Benchmark, Health and Safety: The factory will possess all legally required permits.	2 air compressors lack permits required by law, 1 has valid permit.	Records Review		adidas will inspect the air compressor permit in the next audit and update FLA at a later date.	30 June 2003	Factory management has obtained the additional permit for the air compressor and will continue monitoring all kind of permits through internal audit program.	11 July 2003	Done	
7. Freedom of Association and Collective Bargaining										
Other	FLA Benchmark, Freedom of Association: Employers and employees will honor in good faith, for the term of the agreement, the terms of any collective bargaining agreement they sign. Employees shall be able to raise issues regarding CBA compliance by the employer without retaliation.	Workers are not aware of the existence of a CBA or how to raise issues relating to it. [Some] workers don't know/ haven't heard about the signed CBA between Union and MGT.	Worker Interview Summary Report		adidas SEA Team has conducted SOE training for factory, including coverage of the CBA policy and guidelines. adidas SEA Team/suitable consultants or trainers will continue to provide the relevant training to factory management and union officers.	31 August 2003	Factory management has never signed any CBA with the union so far. However, factory management has regular meetings with the union leaders and worker representatives. Management has periodically agreed with the requests of union and worker representatives, and issued the company notices to all workers regarding agreements reached with the union. Factory management and union both need to learn more about the CBA and the proper procedures for the establishment and negotiation of a CBA.	11 July 2003	On-going	

8. Wages and Benefits										
Missing records of piece work for wage calculations	FLA Benchmark, Wages and Benefits: All compensation records will be maintained accurately and should be acknowledged by the employee as accurate. All legally required payroll documents, journals and reports will be available complete, accurate and up-to date.	Factory does not keep original records used in piece work bonus calculations, but has a company policy to regularly destroy these records on a monthly basis. This policy makes it impossible for workers to challenge possible inaccuracies in their pay or for auditors/monitors to verify payroll accuracy. (Piece work bonus is a vital component of the pay system)	Records Review & Mgt Interview	adidas SEA Team has conducted SOE training for factory, including coverage of documentation filing and maintenance. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	Immediate	As explained by the factory management, all workers would normally clarify the payroll details immediately after the salary payment if they have doubt. In addition, management wanted to save storage space by not keeping too much documentation. However, it is now understood that management must keep all documentation for at least 5 years for the purposes of transparency and auditing.	11 July 2003	On-going		
Workers unclear of wage system & calculations	FLA Benchmark, Wages and Benefits: Employers 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.	Workers do not clearly understand the basis for their pay, how it is calculated and the contributions of hours, productivity bonus (piece work) and premium OT pay. Majority of interviewed workers (**) report that their salary is calculated solely based on productivity and not affected by hours or OT.	Worker Interview Summary Report	adidas SEA Team has conducted SOE training for factory, including coverage of wage calculations. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	31 August 2003	Workers will receive pay advice first before cash issue of salary, so that they can check the accuracy of the calculation. If they dispute the amount, they can immediately feedback to payroll dept for clarification. However, factory management will provide continuous training in payroll calculations for all level of workers during low season given that the FLA audit interview results show that there are still some workers who may not understand the wage calculations. The productivity bonus is paid equally according to the daily/monthly output, in addition to payment of the monthly contracted wage plus overtime wage. The factory management will also ensure that all workers who work OT scan their time card accordingly.	11 July 2003	On-going		
Workers unclear of legal benefits	FLA Benchmark, Wages and Benefits: Employers 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.	Workers do not know about legal benefits such as severance pay. [Some] interviewed workers said that they didn't understand the wage and benefit policy and [a number of] workers said that they did not know about the legally mandated severance allowance factory is required to provide when they resign.	Worker Interview Summary Report	adidas SEA Team has conducted SOE training for factory, including coverage of severance pay calculations. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	31 August 2003	Factory management will provide continuous training to workers on labor code, re: severance pay and post the policy on notice boards in order to increase the level of understanding. At the end of each training session, factory management will assess workers' understanding by posting questionnaires.	11 July 2003	On-going		
9. Hours of Work										
Forced overtime	FLA Benchmark, Hours of Work: Under extraordinary business circumstances, employers will make extensive efforts to secure voluntary overtime work prior to mandating involuntary overtime.	Factory does not have a real procedure for workers to refuse OT. [A number of] interviewed workers reported that working OT is fixed by schedule (Mon, Wed & Fri) and reported they did not dare refuse OT.	Company Regs on OT Work Requirement & Worker Interviews	adidas SEA Team has conducted SOE training for factory, including coverage of voluntary over time requirements. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	31 August 2003	Factory has a OT voluntary system in place. When workers wish to work OT, they will write their name and sign on a form. If workers do not wish to work OT, they do not need to fill in the form. Factory has cases where workers go home after normal working hours. Monday ,Wednesday and Friday are scheduled for easier control of OT hours. However, factory management will conduct continuous training for supervisors, line leaders and workers on the voluntary over time system and post the policy on the notice board.	11 July 2003	On-going		
Falsified time records	FLA Benchmark, Hours of Work: Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.	Mgt has altered or falsified time records. Mgt admitted that the time recording system was not working properly and time data was not accurate before August 2002. Time data since August (as shown to monitors in a spreadsheet) was not credible (i.e. on Mar10/03, 175 workers swiped at exactly 5:01:00pm). Monitors were denied access to raw data from time swipe system to verify.	Records Review & Mgt Interview	The issue of technical problems with time card system has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas SEA Team has tested the efficiency of the time scanning machines and confirmed that it is possible for 175 workers per minute to swipe their time cards using 4 time scanning machines. During the recent visit, an additional time scanning machine was installed which makes a total of 5 machines. adidas SEA Team has also accessed the computerized time recording system and identified that there were some workers who worked more than 60 hours/week. Will continue monitoring this issue.		Factory management states that they have never falsified records, but that they did encounter some technical problems with the time card system last year after introducing the new scanning system which is linked to the payroll. Factory management also states that they have never denied access to Global Standards regarding the raw data of time recording system. However, there may have been some delay in presenting the required documents and raw data requested by Global Standards in view of the unannounced audit and unpreparedness.	11 July 2003			
Inaccurate time-recording system	FLA Benchmark, Hours of Work: Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	Time records shown to monitors are not accurate or credible. According to these records, the time clock does not record seconds and shows results which appear physically impossible. Checking [some] workers of factory [X] line [V, W, X, Y & Z] on Mar10/03 - [A number of] workers swiped at exactly 5:01:00pm and [other] workers swiped at exactly 5:00:00pm. Checking [some] workers of line [P, Q, R] of Fctry [X] swipe records on Mar10/03: [some] workers swiped at exactly 4:01:00pm and [more] workers swiped at exactly 4:00:00pm. Checking [a number] workers of factory [X] line [X, Y, Z] on May6/03: [Some] workers swiped at exactly 5:30:00pm and [additional] workers swiped at exactly 5:31:00pm.	Records Review & Mgt Interview	See comments directly above.		Factory has 4 swipe card machines that make it possible for 175 workers to swipe within a minute.	11 July 2003	Done		
Time swipe cards are not used consistently or accurately	FLA Benchmark, Hours of Work: Time worked by all employees, regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. ... Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work.	The time swipe system is not used consistently or accurately by workers who often swipe out and then continue working off the clock. [A number of] interviewed workers reported that their salary is calculated solely based on productivity and not affected by hours or OT. These workers report they often swipe out at 5 pm even when working until 8pm.	Worker Interview Summary Report	adidas SEA Team has conducted SOE training for factory, including coverage of over time recording system. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	Immediate	Factory management states that they know there have been cases where workers did not "swipe" or scan their time cards when they work overtime, and they will highlight the importance of accurate working hour records to all level of employees and workers.	11 July 2003	On-going		
Lack of one day off in seven	Labor Code, Article 72: In every week, each employee shall be entitled to a break of at least one day (twenty four consecutive hours). FLA Code: Except in extraordinary business circumstances, employees will . . . be entitled to at least one day off in every seven day period.	Work required on Sundays without compensating day off. Lack of rest day mainly a problem during peak production from Oct -Jan, but workers report they worked one Sunday in April. [Some] workers said there were Sunday work in their sections in April 2003.	Worker Interview Summary Report	adidas SEA Team has conducted SOE training for factory, including coverage of working hours and rest days. The issue of working hours - exceeding 60 hours/week - and work on Sundays has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	31 August 2003	Factory management has clarified that there was no Sunday work in April. However, some workers did work on 30 April (Public Holiday). Factory has compensated those workers according to labor code requirements, ie at 300% of regular rate. Some workers did work on Sunday in May due to rushed sample orders. There were 28 workers (1.6 % of the workforce). Those workers received a compensation day-off in August.	11 July 2003	On-going		

Understandable hours, OT & pay system	FLA Benchmark, Hours of Work: Workers will have access to understandable information about their wages and benefits, and will not express dissatisfaction with their ability to get information.	Workers lack a clear understanding of how hours and OT go into their pay calculation. [Some] interviewed workers report that their salary is calculated solely based on productivity and that hours and OT do not influence total salary.	Worker Interview Summary Report		adidas SEA Team has conducted SOE training for factory, including coverage of pay roll system. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	31 August 2003	Factory management will provide continuous training in payroll calculations for all level of workers during low season given that the FLA audit interview results show that there are still some workers who may not understand the wage calculations. The productivity bonus is paid equally according to the daily/monthly output, in addition to payment of the monthly contracted wage plus overtime wage. The factory management will also ensure that all workers who work OT scan their time card accordingly.	11 July 2003	On-going						
Late Payment of wages	FLA Benchmark, Hours of Work: All compensation shall be paid in a timely manner	Factory sometimes pays wages late. [A number of] interviewed workers said that the factory often paid late from 2 to 5 days without giving notice in advance.	Worker Interview Summary Report		adidas SEA Team has conducted SOE training for factory, including coverage of salary payment schedules/timely payment. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	Immediate	Factory has a policy, that is to pay salary on 15th to 18th of each month but never pay the salary to workers later than the approved salary payment date by ministry of labor. If there is delay after 18th, factory management would make announcement and inform to workers	11 July 2003	On-going						
10. Overtime Compensation															
Incorrect wage rate for OT	Circular 11/ BLDTBXH-TT, dated May 3-1995: Payment of overtime work for piece workers, once the work norm has been fulfilled within the standard working time as stipulated at Article 3, Decree No. 195/CP dated December 31, 1994, payment for extra products made at the request of the employers will be increased by 50% if the extra products are made on normal days and by 100% if the extra products are made on weekends or national holidays. FLA Benchmark, Overtime Compensation: 1. 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. 2. The factory shall comply with applicable law for premium rates for overtime compensation.	Factory does not provide premium OT rate for work done during regular weekday or Sunday OT hours as required by law. MGT has a complex pay formula based on hours and a piece bonus system. Most workers interviewed believe they are paid strictly by the piece and not by the hour or OT. Under current system, salary is paid by the production quantity at the same rate for both regular & OT working hours. OT hrs do not influence total salary. This violates code principles on premium pay for OT and local law. [Some] workers said there was Sunday work in their sections in April 2003. However pay was counted at normal piece rate (not at 2 times as required by OT law).	Records Review & Mgt Interview & Worker Interview Summary		adidas SEA Team has conducted SOE training for factory, including coverage of wage structure and over time calculations. This issue has been identified by the SEA Team in the past and included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.	31 August 2003	Factory management has clarified that the workers are paid according to premium OT wage rates. Payroll records and pay slips signed by workers show that OT wages are calculated, in addition to payment of monthly contracted salary plus productivity bonus. Factory management will provide continuous training in payroll calculations for all level of workers during low season given that the FLA audit interview results show that there are still some workers who may not understand the wage calculations.	11 July 2003	On-going						