

*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.

<b>FLA Audit Profile</b>	
Country	Thailand
Factory name	010074454E
IEM	Kenan Institute Asia
Date(s) in facility	November 9-10, 2006
PC(s)	addidas SG
Number of workers	1235
Product(s)	Track Suit, Woven Suit, Jogging Suit, Sweatshirt, Jacket, Running
Production processes	Cutting, Sewing, Printing, Embroidery, Inspection, Pressing, Packing

FLA Code/ Compliance Issue	Country/Legal Reference	FLA Benchmark	Non-compliance	IEM Findings				Remediation				Documentation	Status	Updates (Cite Date of Follow up)	Documentation	Status	Third-Party Verification	Company Verification Follow up	
				Evidence of Non-compliance (unincorporated)	If not corroborated explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Target Completion Date	Factory Response (Optional)								Company follow up (9 January 2007)
<b>1. Code Awareness</b>																			
Worker/management awareness of Code		<b>FLA Principle of Monitoring, Obligation of Companies:</b> 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.	No training on code of conducts awareness was found, this caused to some workers do not aware of the importance of factory or brand's standards. However, brand's COC is posted in the public area which easily access.		Workers' interview, training record reviews.			The factory needs to ensure a clear communication for workers on Rights and Benefits.	Built the Code of Conduct Training into the yearly training plan.	By 31st January, factory needs to submit the revised training plans which include Code of Conduct Training.	Factory will provide Training documents to PC once it is completed by the end of January 2006.	Yearly Training Plan.	On-going	The factory still provides on-going training on Code of Conduct to the workers. There are still more training required to ensure that workers understand the purpose of Open Letter which has been communicated to the supplier since early 2007.	Yearly training plan. Worker interview.	On-going			
<b>2. Forced Labor</b>																			
Recruitment Contracts		There can be no employment terms (including contracts, recruitment arrangements, or any other instruments) which specify that employees can be confined or be subjected to restrictions on freedom of movement, allow employers to hold wages already earned, provide for penalties resulting in paying back wages already earned, or, in any way punish workers for terminating employment. (It is acceptable to provide bonuses to workers who stay for a term of contract and meet reasonable conditions, such as regular attendance, punctuality, good quality, etc.)	Some worker(s) informed that the employment contract has not been copied to all workers as the reference document.	Employment contract revealed that it was copied to all workers since they applied the job. The employment contract is included in the application form.	Workers' interview				As part of Employment sign-up process, workers will be given a copy of the employment contract. Workers will be asked to sign the acknowledge receipt of the contract.	3/1/2007		Worker interview, personnel file review.	On-going	No finding, factory continues to provide a copy of employment contracts to the workers.	Document review, workers' interview.	Completed			
<b>3. Child Labor</b>																			
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher than 15.																			
<b>4. Harassment or Abuse</b>																			
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																			
<b>5. Non-discrimination</b>																			
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.																			
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	The application form contains questions about age and nationality which may lead to discriminating practices.	No any worker claimed they were discriminated by race, nationality, sex and religion.	Application form, workers' and HR officer interview				The factory has agreed to ask the question and conduct a survey for the preferred food-type after workers are employed and prior to setting up the New Year's Party.	1) Factory will revise the form. 2) Factory needs to ask question about workers' religious to determine New Year Party, etc. Any non-work related questions will be asked to workers once they have been trained.	The factory agreed to revise the application form and remove the question on nationality and religio[n] will be maintained.	New application form.	On-going	The factory has started implementing the new application form since the beginning of this year. Worker interview did not indicate any sign of discrimination. However, there is a non-compliance on the age specification in Job Description for some positions such as forklift driver and warehouse workers. The factory has agreed to revise these job-descriptions and ensure there is no discrimination.	Application form, worker interview, Job-description form.	On-going			
<b>6. Health and Safety</b>																			
Employees will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities.																			
Evacuation Procedure	According to the Notification of Ministry of Interior Fire Safety Chapter 2 Section 11: The door leading to fire escape route shall have the following: (1) Install at the spot where it is clearly seen and without obstruction. (2) Being the door which can be opened both ways and self closing. (3) Shall not be sliding door, rolled up door and revolving door. (4) The width of the stair-case door shall be not less than the width of the stair. (5) The door to the stair shall not be opened at the stair and shall have rest of not less than the width of the door at every spot the door is opened. (6) The door open to outside of the building shall be the type which is open outside. It shall not be closed, fast or chained from outside the building during the time the employees are working.	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.	It was observed that one emergency exit in first floor of building ""name"" was blocked during the working hours.	Visual inspection					1) The blockage has been removed. 2) Arrows and visual displays have been added to instruct workers to not block any Safety items in the factory floor. 3) Safety Officer has been appointed to conduct daily inspection around the factory. 4) Supervisor have been trained the safety issues and provide a checklist to conduct workplace assessment each morning and after the break.	1/6/2007	Factory has conducted the training.	Completed.	Meeting minutes and worker interview.	Completed	SEA observed that there is no obstruction of the fire exit in general. There are two safety officers who continue to conduct daily inspections. The Safety checklist which is designed by the factory is being used.	Factory walk-through, Document review.	Completed		

FLA Code/ Compliance issue	Country/Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings Evidence of Non-compliance (un corroborated)	If not corroborated explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management in Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation				Status	Updates (Cite Date of Follow up)		Status	Third-Party Verification		Company Verification Follow up	
											Target Completion Date	Factory Response (Optional)	Company follow up (9 January 2007)	Documentation		Completed: Pending: On-going	Company Follow up (SEA team update from visit on July 16, 2007)		Documentation	Completed: Pending: On-going	External Verification (Date)	Documentation
Other	The Ministry of Labour and Social Welfare RE Occupational Safety of Employees, Chapter 4 Section 14. The employer with more than fifty employees at the place of undertaking, shall appoint at least one occupational safety officer at professional level to work full time on safety within one hundred and eighty days from the date of coming into force of this Notification or within one hundred and eighty days from the date of having fifty employees upwards.		The safety officer at the professional level did not work her duty for full time work since she is an Export Manager and also appointed to a safety officer in the same time.				Safety officer interview and documents review		Internal finding indicated that the factory has appointed a full-time safety officer that complies with the PC requirements. Safety Officer has been attending trainings organized by the PC as part of the Safety Officer Registration process which is required by the PC's Health and Safety guidelines.		Announcement of the full-time safety officer has been done by the GM.	Company Announcement on 09/30/2006.	Completed	No further finding. Safety Officer is still working full-time. Most recent visit also revealed that the factory is going to appoint another Safety Officer by sending him to obtain certification from the local university in order to share workload with the current safety officer.	Management interview, document review.	Completed						
Other	The Notification of the Ministry of Interior RE: Committee on Occupational Safety, Health and Working Environment Chapter 1, Clause 7		The ratio of employer and worker's representative of Occupational Health and Safety Committee is not match and comply as the legal limits.				Occupation Health and Safety documents review				The factory has announced the new set of Occupational Health and Safety Committee on 11/20/2006. Total number of the Committee is comply with Thai Law.	Company Announcement on 11/20/2006.	Completed									
<b>7. Freedom of Association and Collective Bargaining</b>																						
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.																						
<b>8. Wages and Benefits</b>																						
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.																						
Payment of Legal Benefits	According to Labor Protection Act B.E. 2541 (A.D. 1998), Chapter 2, section 32, states that the employee shall be entitled to take sick leave for such days, as the employee is actually ill. If sick-leave is taken for 3 or more working days, the employer may require that the employee produce a medical certificate from a first class physician or from a government clinic.	Legally mandated benefits will be provided or paid in full within legally defined time periods.	If the workers have no medical certificate then they are requested to use the annual leave subsidized to get pay the wage.		Some workers informed that they are required to submit a medical certificate when they take 1-2 days of sick leave. Otherwise, they will not be compensated during the leave.	Factory policy stated that worker has to submit the medical certificate when they take sick leave for more than three days. And leave records reviewed was discovered that some workers was compensated even they took sick leave 1-2 days without the medical certificate presented.	Workers interviewed and leave records reviewed		PC conducted internal audit and cross-checked with workers interview. It was found that Leave Policy is complied with the Labour Law where workers are required to provide Medical Certificate if they take more than three days leave. The IEM finding could come from misunderstanding between supervisor and workers because the supervisor may have indicated the wrong information to workers.		The factory has conducted a training on Leave Policy to all the supervisors in December 2006 in order to indicate that all the workers are not required to submit the medical certificates if they do not take more than three days leave.	Minute of meeting and training information provided to the supervisors.	Completed: On-going Training is required.	No further finding.	Document review.	Completed						
<b>9. Hours of Work</b>																						
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.																						
Overtime Limitations		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	Some workers worked OT in excess of 12 hours a week. Details as following: - January 2006, 1 out of 25 selected worker worked OT excessive 12 hours/week and maximum OT was 16 hours/week. - February 2006, 1 out of 25 selected worker worked OT excessive 12 hours/week and maximum OT was 30 hours/week. - March 2006, 4 out of 25 selected workers worked OT excessive 12 hours/week and maximum OT was 30 hours/week. - April 2006, 5 out of 25 selected workers worked OT excessive 12 hours/week and maximum OT was 30 hours/week. - May 2006, 17 out of 25 selected workers worked OT excessive 12 hours/week and maximum OT was 30 hours/week. - June 2006, 17 out of 25 selected workers worked OT excessive 12 hours/week and maximum OT was 30 hours/week. - July 2006, 14 out of 25 selected workers worked OT excessive 12 hours/week and maximum OT was 19 hours/week. - August 2006, 13 out of 25 selected workers worked OT excessive 12 hours/week and maximum OT was 28 hours/week. - September 2006, 2 out of 25 selected workers worked OT excessive 12 hours/week and maximum OT was 14 hours/week. - October 2006, 11 out of 25 selected workers worked OT excessive 12 hours/week and maximum OT was 19 hours/week. These workers worked in Cutting, Sewing, Finishing, General, Store and Sample.		Workers' interview, time records and payroll records review	Policy on OT Mon-Wed take 12 hours per week. OT is controlled by Production Department.	PC has reviewed working hours recorded in the most recent three months. The record indicated that factory is now in comply with the 60 hours per week requirement.		The factory has now implemented the 60 hours per week and complies with PC standard.	Working Hours records, Payroll records and Production records.	Completed	The factory was working within 60 hours per week limit according to the most recent audit. There is an average 1.5 hours to 2 hours overtime per day.	Worker interview, document review.	Completed								
<b>10. Overtime Compensation</b>																						
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such premium rate as is legally required in the country of manufacture or, in those countries where such laws will not exist, at a rate at least equal to their regular hourly compensation rate.																						
OT Compensation		The factory shall comply with applicable law for premium rates for overtime compensation.	These workers worked in Cutting, Sewing, Finishing, General, Store and Sample.				HR officer interview, payroll records review				1) Factory has a policy to comply with this requirement starting from January 2007. 2) The new calculation system will not take into account the incentives workers earn each day. This is to follow the industry practice as well as ensuring that calculation method is inline with SEA's	The factory has started the implementation of the new calculation system in January 2007.	Payroll review, Social Insurance Copy review.	Completed								
<b>Miscellaneous</b>																						