

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	Portugal
Factory name	01026102A
IEM	ITS-Labtest Portugal
Date of audit	21-May-02
Duration of IEM visit/evaluation	
PC(s)	Adidas-Saloman
Number of workers	88
Product(s)	Sportswear

FLA Code/ Compliance issue	FLA Benchmark and/or Legal Reference	Findings			Remediation		Remediation Updates	Remediation Updates
		ITS Findings	Best Practice - ITS Findings	PC Internal Audit Findings	PC Remediation Plan	Target Completion Date	PC Updates/Follow-up Comments	PC Updates/Follow-up Comments September 2003
1. Code Awareness								
Informed workplace	FLA Obligations of Companies, A. Create An Informed Workplace. 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.	Per Audit Instrument "Aware of Code Provisions - Don't know about adidas Code of Conduct"			Disagree with the finding, adidas-Saloman Standards as well as code of conducts from different other customers are posted and are visible for all workers. The Management will organize an awareness raising session with all workers in order to explain the code in detail.		Ongoing verification by compliance staff.	After move into the new factory building the management held a code awareness raising session to all workers in July 03.
Noncompliance reporting channel	FLA Obligations of Companies, F. Provide Employees with Opportunity to Report Noncompliance: 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 mechanism is in place for making suggestions regarding the code. No procedure in place for workers to confidentially report violations		Strongly disagree with the findings. Suggestion boxes are in place so that workers can raise any relevant issue and / or non-compliance issues.			Verified by observation.	
2. Forced Labor								
3. Child labor								
4. Harassment or Abuse								
No Harassment/Abuse Policy		No policy on harassment or abuse.		No company guideline for disciplinary practice.	A company guideline for disciplinary practice has to be defined and displayed on a notice board or published as a small handbook. An additional part regarding harassment and abuse will be included into the company policy.	Deadline for the additional part regarding harassment and abuse: September 2002.	A company guideline has been developed. Verified by observation in April 2002. An additional part regarding harassment and abuse has been included into the company policy in July 2002. Ongoing verification by compliance staff.	
5. Nondiscrimination								
6. Health and Safety								
No Health & Safety Committee	FLA Code Benchmark V. Health and Safety: B.14. Workers should be involved in planning for safety, including through worker safety committees.	No health & safety committee with worker representative is formed.		Since the first adidas-audit in March 2001 [a worker] accepted the role as HSE Co-ordinator.	Additionally, [a worker] will be announced in the function of a HSE worker representative.		Ongoing verification by compliance staff.	A worker responsible for HS&E issues was announced in July 03.
Fire Safety Training	FLA Code Benchmark V. Health and Safety: B.3. 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.	Fire drill / use of extinguishers training needs to be repeated.		The last fire drill has been performed and documented in March 2001.	A fire drill and training "How to use a fire extinguisher" will be carried out. An evacuation training and fire extinguisher training will be performed annually!	Training is scheduled for end of July 2002. Next documented training will be provided latest by September 02.	Training have been provided. Verified in July 2002. Ongoing verification by compliance staff.	After the move into the new factory building the first evacuation and fire drill training has been carried out in June 03. Next fire and evacuation drill training will be in summer 04.
Fire Extinguisher (Toxic Content) Replacement	FLA Code Benchmark V. Health and Safety: B.1. 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. B.4. 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 uses a Halon fire extinguisher though Halon is banned since 1994.	Halon fire extinguisher needs to be replaced by a CO2 extinguisher.	Sep-02	Halon extinguisher has been removed but not replaced since the amount of extinguishers in use nevertheless is in compliance with our code of conduct.	In the new factory building there is no halon fire extinguisher.
First Aid	FLA Code Benchmark V. Health and Safety: B.14. Workers should be involved in planning for safety, including through worker safety committees. B.4. 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.	Procedures to deal with first aid needs to be done.		There is one worker trained in first aid. The name of the person trained is posted at the notice board. Insufficient number of people trained in first aid.	Two additional persons are already registered for a training. More persons must be trained in first Aid (minimum one per department). The First Aid Procedure has been put inside the first aid boxes.		Three additional persons have been trained in first aid.	The factory has now four persons trained in first aid.
Machines Not Guarded	FLA Code Benchmark V. Health and Safety: B.10. All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Sewing machines are not properly guarded.		Finding also identified during PC internal audit.	Missing guards and eye protections will be installed. The management will continue to install eye protection shields and belt guards.	Sep-02	Additional eyeguards have been installed. Compliance staff needs to follow-up on complete equipment of all machines. Ongoing.	Eye guards are installed and in use on all relevant machines. Needle guards are still missing and need to be implemented by the end of the year 2003. Follow up by compliance staff.

FLA Code/ Compliance Issue	FLA Benchmark and/or Legal Reference	Findings			Remediation		Remediation Updates	Remediation Updates
		ITS Findings	Best Practice - ITS Findings	PC Internal Audit Findings	PC Remediation Plan	Target Completion Date	PC Updates/Follow-up Comments	PC Updates/Follow-up Comments
Access to Drinking Water	FLA Code Benchmark V. Health and Safety: B.12. All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	Easy access to clean drinking water on factory floor needs to be provided.		Disagree. Each worker can refill his personal bottle or glass with water (drinking quality) from the tap. A water analysis is done twice a year by an independent company.	The result of the analysis should be published on the notice board. In case the result indicates that the water is not of drinking quality, the factory management has to take care that drinking water (e.g. water dispensers) is available. Regular water analysis needs to be performed.	Sep-02	Drinking water analysis has been carried through in July 2002. Water quality from their own fountain was OK. No further test was planned because of the relocation in April 2003.	In the new factory building water dispensers are available with fresh drinking water.
Improper Health Care	FLA Code Benchmark V. Health and Safety: B.1. 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.	Health Work Medicine needs to be provided to workers.			This law has been established beginning of 2002. From January '03 onwards a doctor will be present for about 6-8 hours a month in a First Aid room on site. An interim solution (e.g. mobile clinic) will be provided for this year.	Sep-02	In the new Factory building a first aid room will be available. Health work medicine will be provided from mid April 2003 onwards.	First Aid room is available in the new building. A doctor is present regularly.
Incident/Accident Log	FLA Code Benchmark V. Health and Safety: B.9. All safety and accident reports shall be maintained for at least one year, or longer if required by law.			The facility has no incident/accident log.	An incident/accident log file must be established and reviewed monthly with the management.		Incident/accident log is available. Report is updated and reviewed monthly. No accidents/injuries since implementation.	The report is reviewed by the management on a monthly base.
Elevator Malfunction	FLA Code Benchmark V. Health and Safety: B.10. All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.			The elevator does not have a security system for safety reason. A sign for maximum load is missing. The elevator works when the door is open.	This elevator must have a security system for safety reason. A sign for maximum load has been installed. The elevator has now a security switch and only works when the door is closed.		Verified by observation.	The elevator in the new factory building is for goods only and has all legally required safety features and equipment.
Electrical Wiring	FLA Code Benchmark V. Health and Safety: B.10. All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner. B.8. 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.			Wires are not checked regularly.	To avoid electrical hazards all wires have to be checked carefully and on a regular base. Workers are to inform the electrician as soon as they find any damage on wires and connections.		No further problems found. Regular checks ongoing.	All wires are checked on a regularly base in the new factory building.
Evacuation Route	FLA Code Benchmark V. Health and Safety: B.3. 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.			Escape routes are not clearly marked.	The escape routes in the factory must be clearly marked and any obstruction must be avoided.		Completed. Verified by observation.	All escape routes in the new building are clearly marked.
Garbage Storage	FLA Code Benchmark V. Health and Safety: B.11. All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.			Garbage containers are cleared too seldomly. The container type is an open version.	To avoid storage of garbage in the warehouse (separate room) we recommend to pick up the garbage container more often. This container should be a covered version.		Ongoing verification from compliance staff.	Closed garbage containers are provided and regularly picked up.
Unmarked Aisles	FLA Code Benchmark V. Health and Safety: B.3. 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.			Aisles are not clearly marked.	Aisles between the machines have to be marked to avoid obstruction.		Completed. Verified by observation.	Aisles between the machines are clearly marked.
Storage in Electrical Area	FLA Code Benchmark V. Health and Safety: B.8. 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.			Storage in high voltage areas and on junction boxes. High voltage area is not clearly marked.	In the high voltage area and on junction boxes nothing should be stored. The area should be clearly marked (with "DANGER" sign).		Completed. Verified by observation.	High voltages areas are clearly marked with Danger signs.
Chemical Storage/Location	FLA Code Benchmark V. Health and Safety: B.6. 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.			Improper storage of chemicals.	For a safe chemical storage we recommend a metal cupboard, or chemicals should be stored in a separate room.		Completed. Verified by observation.	A separate chemical storage room is available in the new factory building.
Chemical Storage/Drainage	FLA Code Benchmark V. Health and Safety: B.6. 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 a drainage to the outside in the chemical storage.	There should be no drainage to the outside in the chemical storage.		Completed. Verified by observation.	In the chemical storage room of the new factory building there is no drainage to the outside.

FLA Code/ Compliance issue	Findings			Remediation		Remediation Updates	Remediation Updates	
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Chemical Container	FLA Code Benchmark V. Health and Safety: B.6. 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.			Containers are not clearly labeled. They are not always closed when not in use.	All chemical containers must be labeled and closed when not in use.	Sep-02	Completed. Verified by observation. Ongoing verification.	All chemical containers are clearly marked and closed when not in use.
Chemical Storage/Secondary Containment	FLA Code Benchmark V. Health and Safety: B.6. 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.			A secondary containment is missing for the storage of chemical containers in the chemical warehouse.	A secondary containment for the storage of chemical containers in the chemical warehouse has been installed.		Completed. Verified by observation.	Secondary containments for the chemical containers are available.
MSDS Needed	FLA Code Benchmark V. Health and Safety: B.2. 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.			MSDS are not posted prominently in areas where chemicals are used/stored. MSDS are not available in local language.	MSDS must be placed in the area where chemicals are stored. Portuguese translation is requested from the supplier and will be provided ASAP.		Completed. Verified by observation.	MSDS are provided in local language and displayed where the chemicals are stored.
Hazardous Chemical Usage	FLA Code Benchmark V. Health and Safety: B.1. 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. B.6. 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.			Trichlorethylen is used for spot cleaning. Since this material can cause healthy problems and can contaminate groundwater an alternative has to be found.	No substitute has been found yet for Trichlorethylen. The factory management is required to find an alternative product to clean the spots in order to improve the working environment.		Trichlorethylen is no longer in use. An alternative spot remover was found.	The alternative material was not effective enough to remove all spots. Management is still searching for an appropriate alternative. Follow up by compliance staff.
Ventilation	FLA Code Benchmark V. Health and Safety: B.8. 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.			The spot-cleaning machine (air-suction-table) is not placed correctly.	It has to be prevented that contaminated air flows into the working area. Spot cleaning must only be done at a specific workplace.		Completed. Verified by observation.	In the new factory building the spot cleaning unit is connected to the outside. The suction system blows used air outside the building.
Sanitation	FLA Code Benchmark V. Health and Safety: B.11. All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.			Soap, paper towels or hot-air hand dryer are not available in bathroom.	Soap, paper towels or electrical hand dryer are requested to be installed/provided in the toilets.		Completed. Verified by observation.	Soap and paper towels are provided in the bathrooms.
Iron Repair	FLA Code Benchmark V. Health and Safety: B.8. 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. B.10. All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.			Some wires are not sufficiently isolated.	Wires have to be sufficiently isolated and should be renewed.		Completed. Verified by observation.	All wires are checked on a regularly base and will be replaced when necessary.
Conveyor belt cover	FLA Code Benchmark V. Health and Safety: B.10. All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.			Belt covers are missing on some machines.	All active machines are covered. On some (back up) machines belt covers are still missing and will be guarded soon.		Ongoing.	Completed. The belts on all machines are now covered.
Emergency Doors	FLA Code Benchmark V. Health and Safety: B.3. 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			Emergency door does open inwards and is not always open during working time.	The emergency door always has to be open during working time.		This issue is outstanding since the factory will move into a new building in April 2003. To avoid any problems in case of emergency the factory keeps the doors open during the entire working time.	All emergency doors are swinging outwards in the new factory building.
No Fire Hose System	FLA Code Benchmark V. Health and Safety: B.4. 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.				According to adidas HSE Guidelines Fire Hoses are not required. Fire extinguishers are used in case of emergency. Trainings for workers how to use the extinguisher have been provided.			In the new factory building fire hoses are provided.

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7. Freedom of Association and Collective Bargaining								
Worker Committee	FLA Code Benchmark VI. Freedom of Association and Collective Bargaining: Workers will have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment.			A worker committee does not exist in the factory.	A worker committee will be elected. Amongst other tasks they will be responsible to check and discuss the content of the suggestion boxes, together with the management. Questions from the suggestion boxes and appropriate answers will be posted on the notice board, so that each worker who is interested can read them.	Sep-02	Ongoing work with factory-management to establish an effective worker-management communication system.	The management has installed an effective worker-management communication system. Suggestion boxes are in place and since the beginning of September 03 there is a workers committee with 4 persons elected.
8. Wages & Benefits								
Training Wage	FLA Code Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: 1) Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher. 2) Where training wages are legally allowed, no worker will be paid a training wage for more than three months cumulatively.			During training period workers do not receive minimum wage. As stated by law a reduction of 20% of the minimum wage is allowed in the first training year.	In the training period we require the factory to pay the full amount of the minimum wage, even when a reduction of 20% is allowed by law in the first year. adidas will not accept that the factory pays below the minimum wage during the experience time (first 6 – 12 month). The full minimum wage has to be paid from the first day on.		Completed. Ongoing verification by compliance staff.	There is no worker in the factory earning less than the minimum wage.
9. Hours of Work								
10. Overtime Compensation								
OT compensation and tracking	FLA Code Benchmark VII. Wages and Benefits, Hours of Work, and Overtime Compensation: 1) 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. 2) All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately. 3) The factory shall comply with applicable law for premium rates for overtime compensation.	Overtime is compensated but not possible to track.		Working hours including overtime are tracked on the time cards. Overtime is paid and added to the food allowance (tax free). Overtime is not paid according to law.	A list will be developed (with signatures from each worker) which shows the receipt of overtime payment. Overtime payment has to be consistent with the correct legal overtime rate of 50% and 75%.	From the next overtime period onwards.	A list has been issued by the management for all workers to confirm by signature the receipt of correct overtime compensation. The issue of outstanding backwages needs to be checked again. Overtime is paid according to law. Verified by observation.	Files are checked by compliance staff regularly. There are no outstanding back wages.