

*The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.*

### **What is a Tracking Chart?**

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

### **What a Tracking Chart is NOT -**

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

**Note on Language**

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

**Instructions for Printing**

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA IEM Profile	
Country	Malaysia
Factory name	01024678B
IEM	Kenan Institute Asia
Date of audit	11 & 12 August 2003
Days in the facility	2 days
PC(s)	Adidas-Salomon & Reebok International Ltd.
Number of workers	1700
Product(s)	pants, shirt, t-shirt (knitwear), jacket
Production processes	cutting, sewing, trimming, ironing, packing
Other brands in factory	

FLA Code/ Compliance issue	Findings					Remediation					
	Country Law/ Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal audit findings (Optional)	PC remediation plan	Target Completion Date	Factory Response (Optional)	PC follow up Cite date of Follow-up	Documentation
<b>1. Code Awareness</b>											
Code posting/information		<b>FLA Principles of Monitoring, Obligations of Companies:</b> Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.			Code of conduct were posted in Bahasa Malaysia, English. Mandarin translation was made and circulated to the supervisors to inform the workers.						
Worker/management awareness of Code		<b>FLA Principles of Monitoring, Obligations 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.			Code of conduct were posted in Bahasa Malaysia & English. Mandarin translation was made and circulated to the supervisors to inform the workers.						
<b>2. Forced Labor</b>											
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise											
<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 of abuse.											
<b>5. Nondiscrimination</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	Vacancy advertisement on the notice board for assistant cleaner indicates that the preferred age is 40-60 years. This shows discrimination against a certain age group.	visual inspection		Agree with findings. The new personnel officer, in charge of recruiting cleaners at the factory was not fully aware of the SOE, and did not understand what types of acts may constitute discrimination. He thought that the job was more suitable for elderly people.	The following measures are recommended: (1) Factory management to adopt a functioning, written non-discrimination policy and systems for its implementation and enforcement. The policy should define the specific behaviors that are forbidden, and should also define procedures for how to complain about discriminatory practices, as well as for investigating and responding to all complaints. (2) Factory to develop well-documented, objective criteria and application processes for the recruitment and hiring of workers. (3) Factory to develop a plan for training all levels of management on prevention of discrimination, and to conduct specific briefings with personnel officers to avoid any recurrence of this problem. (4) Factory to undertake efforts to regularly communicate company policies surrounding non-discrimination to new and current employees, both in orally and in writing. Please submit to Reebok and Adidas a copy of these materials once developed.	By end of April 2004, then ongoing in respect of items 3 & 4.	Factory management has agreed to have a meeting with all personnel officers in respective branches of the factory to brief them on this issue.		
Pregnancy Testing		Employers will not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.			No discrimination on pregnant women.						

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Pregnancy Risk		Employers will ensure that pregnant women are not engaged in work that creates substantial risk to the health of the pregnant woman.			No discrimination on pregnant women: The workers will be shifted to other less heavy/risky areas						
Reproductive Health		Employers will ensure that women are not engaged in work that creates substantial risk to their reproductive health			No discrimination on pregnant women: The workers will be shifted to other less heavy/risky areas						
<b>6. Health and Safety</b>											
Employers 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											
Fire Safety Health and Safety legal compliance	Factory & Machinery Act (FMA), 1967; Occupational Safety & Health Act (OSHA) 1994	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	The Rules and Regulations of the Hostel are posted in 3 languages (English, Bahasa Malaysia, Mandarin)		Occupational Health & Safety Committee Notice Boards located in 4 prominent locations. Manual on Health Safety & Environment Manual very comprehensively prepared by Safety Officer						
Evacuation Procedure	Factory & Machinery (Safety, Health & Welfare) Regulations 1970, Regulation 21	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 in some areas (Packing, Sample Room) and in the minor aisles (Sewing) are blocked by trolleys or pallet machine with accessories or goods/materials. The directional arrows showing the evacuation route in some areas (Packing, Sewing) are unclear due to wear and tear		Posting of several understandable evacuation maps with the emergency telephone numbers in all prominent production areas of the factory. The Company has a very Active Fire Fighting Squad and their own Fire Engine Truck	Agree with findings. There is a lack of awareness of aisle safety among workers and supervisors resulting in the aisles being blocked.	The maintenance unit in each branch must repaint the yellow lines and directional arrows whenever they are found to be unclear. Factory SOE Team must emphasize the importance of continuous improvement and basic housekeeping and evacuation safety to all workers and supervisors through ongoing training.	Immediately, then ongoing.	Factory has remarked evacuation routes. Moving forward, the factory has assigned responsibility for ongoing inspection and maintenance of evacuation routes: The compliance manager will conduct monthly inspections; the 5S Committee will conduct weekly inspections; and supervisors will be responsible for conducting daily inspections of their work areas. Factory SOE Team will provide ongoing training and education to all workers and supervisors and conduct regular inspections to rectify the problem.		
Safety Equipment	Factory & Machinery (Safety, Health & Welfare) Regulations 1970 Regulation 22, 38; Guidelines on First-Aid Facilities in the Workplace, Dept of Occupational, Safety & Health, 1976	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 stocking of first aid supplies in the first aid boxes as per Appendix 2 Recommended Contents of a First-Aid Box in Guidelines on First Aid Facilities in the Workplace Dept of Safety & Health 1996		The installation of a Smoke Ventilator System which comprises an auto detector system which would initiate the opening of the smoke doors (6 wall openings & 4 ceiling openings) to allow the outflow of smoke once it is detected, this would allow the removal of smoke from indoors reducing smoke buildup and extra time for evacuation of the victims. Instruction of fire extinguisher in Chinese, English & BM, internal Monthly inspection tag and Govt, inspection tags are all visible on the fire extinguisher	Agree with findings. The Factory SOE Team was unaware of the local legislation on first aid contents.	(1) Refill the first aid supplies as per Malaysia Factory Machinery Act 1967. (2) Factory to have routine inspections and checklists to ensure the first aid kit is in proper condition. (3) Factory SOE Team, HR and Personnel staff must update themselves on all local legal requirements.	15 December 2003	Factory has refilled the first aid kits as per requirements in FMA 1967. Other items pending.		
Chemical Management	Occupational Safety & Health (Use & Standards of Exposure to Chemicals Hazardous to Health USECHH) Regulations 2000 Regulations 20-23; Occupational Safety & Health (Classification, Packaging & Labeling (CPL)) Regulations 1997 Regulation 7	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	The MSDS/CSDS of chemicals does not comply with the OSH USECHH Regulations 2000 which should be in 2 languages, Bahasa Malaysia and English. MSDS posted in the related area is not correct for the chemical. There is no chemical handling training provided for the worker		Nearly all hazardous and environmentally unfriendly chemicals have been phased out by the company	By the time of the SOE follow up visit, the MSDS was posted in 2 languages (English and Malaysian) in all chemical usage/storage areas. Instructions on chemical handling in 2 local language (Malaysian and Chinese) had been posted at the chemical usage area. PPE/chemical training had been provided to the workers who handle the chemicals.	(1) Provide training to workers on a semi-annual basis. (2) Routine inspections by management and supervisors in charge must be carried out.	Ongoing	Factory has conducted basic chemical handling and PPE training for workers.		
Chemical Management for Pregnant women and juvenile workers	Occupational Safety & Health (Use & Standards of Exposure to Chemicals Hazardous to Health USECHH) Regulations 1997 Reg 28 Medical Removal	To prevent unsafe exposure to hazardous chemicals, appropriate accommodations shall be made for pregnant women and minors as required by applicable laws in a manner that does not unreasonably disadvantage employees			Engaging a security guard for the night to guarantee safety of the women foreign workers						

FLA Code/ Compliance issue	Country Law/ Legal Reference	FLA Benchmark	Findings			Remediation					
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Ventilation/Electrical/facility maintenance	Factory & Machinery (Safety, Health & Welfare Regulations )1970 Regs 25, 28, 29	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			In Warehouse and store Use of low energy 400 watts fluorescent globes showing useful energy saving practices. In the Sewing Dept, and the Sample Room there is good air conditioning with low noise ventilation system to cool down the work environment and exhaust netting fitted to capture the dust from work area in BSJ Plant. In Cutting Rooms, the indoor air conditions are comfortable due to low energy Water Curtain System technology, used to cool down the work environment; the air is forced through a curtain of water thus cooling the intake air whilst the air is exhausted through large extractor fans. The indoor temperature and Relative Humidity are continuously monitored and set around 28.5°C and 79%. Installation of ceiling lights as well as lowered fluorescent tubes with reflectors, attached below the conduits carrying wiring above the work benches providing ample illumination levels in HQPR and BSJ Plants						
Record Maintenance		All safety and accident reports shall be maintained for at least one year, or longer if required by law	Insufficient accident investigation report system and an accident log in order to comply with OSH Act, Part VIII Regulation 32 Notification of accidents, dangerous occurrences etc. 1994			Adidas SEA Team inspected the accident report and accident log which were provided by the factory. There were no major injuries reported. Agree that the reporting system needs to be more comprehensive, but can the IEM provide more information about the non-compliance?	Overall accident reporting system needs to be enhanced in order to identify root causes for each accident and preventive actions.	31 December 2003	Factory will improve the accident reporting system, conduct monthly analysis and present the information to management for review.		
Machinery Maintenance	Factory & Machinery (Fencing of Machinery & Safety) Regulations 1970	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Insufficient awareness of the importance of the needle guard of high-speed sewing machines. And the Needle guards for some high-speed sewing machines are not used. Some workers do not wear mask properly.		SOP in Graphic Poster for instructions for threading needle of sewing machines in Sewing Area. The innovative Perspex platform of the Button Making machine in the Hanging System Sewing Room (Plant BSJ) with the Failsafe release hand lever to initiate punching button with foot pedal prevent accidental punching operator's hand. The Miniature mobile Boiler on Wheels (supply to Steam Iron) is built on a trolley with a fencing barricade all round the boiler to ensure there is no accidental contact with the boiler's hot surfaces	Agree with findings. Some workers insist on not using a needle guard and complain that guards will make them 'uncomfortable'. Continuous counseling and education are required to overcome this problem.	Factory SOE Team must consult with those workers who refuse to use the needle guards to determine what the real problems are. Provided the guards are fit properly and do not interfere with the worker's ability to do his or her job, workers who refuse to use the guards should be disciplined appropriately.	Ongoing	Factory SOE Team will conduct briefing to all supervisors and workers regarding the importance of the use of needle guards. The SOE team will also consult with those workers who refuse to use the needle guards to determine whether the proper guards have been provided, and issue new guards that fit and not interfere with work as needed. Disciplinary policies for supervisors who fail to enforce use of needle guards, and for workers who refuse to use needle guards, will be developed.		
Sanitation in Facilities	Factory & Machinery (Safety, Health & Welfare (FMA) Regulations 1970 Regulations 27, 32-38)	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	Towel or other means of drying is not provided in some toilets. The provision of female toilets in a plant falls short of the required as per FM Act Regulation 37 Sanitary Convenience, 1970		Graphic posters on 5S Circle/System for housekeeping. Overhead Automatic conveyor sewing machine (Etan) allows for more space on the floor. In the Sewing Room hand brooms and pan is supplied to each operator – improves housekeeping as every workers responsibility. The introduction of an auto-scooter fitted with 4 mops attached to the front & back of the vehicle improves housekeeping efficiency on the shop floor. Very clean production area with free of fabric scrap.	Most of the toilets have been equipped with electrical dryers. FMA 1967 states that the ratio for female toilets is 20:1. However there are only 27 female toilets in a plant for 664 female workers. A plant is short 7 units for female toilets.	(1) Ensure that all toilet facilities are equipped with electrical dryers. (2) Add sufficient number of female toilets in a plant in accordance with FMA 1967. (3) The factory SOE Team must monitor the ratio of toilets to prevent the same issue recurring if there is further recruitment of workers beyond current levels.	31 January 2004	Factory will convert some of the male toilets to female toilets due to the number of male workers having decreases, and ensure that sufficient number of toilets are provided to both male and female workers under FMA 1967.		
Sanitation in Dining Area	Factory & Machinery Safety, Health & Welfare (FMA) Regulations 1970 Regulations 34	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.			Supply of Filtered water and RO Water Reservoir in the canteens for all workers. Insect Terminator light panels (3 units) are erected overhead in the Canteen						

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Sanitation in Dormitories	Uniform Building By-Laws Act 133, 1984 Part VII Fire Requirements & By-Law 39	All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.) . Emergency evacuation drills should also be conducted at least annually	Fire extinguisher and first aid kit stored in the worker hostel is not properly maintained, the first aid kit is locked and the person in charge is not around. Some of the bedrooms in the hostel do not have any windows for ventilation which will be unhealthy because of the stale air especially when there are 4 in a room		The factory provides hostel for girls a private lounge area for TV entertainment and recreation in the hostel for worker including home appliance such as refrigerator, emergency lights and gas cooking rings for food cooking. The supply of 4 large water tanks outside the hostel as standby emergency supplies of water for the domestic uses in case of insufficient water supplies or low water pressure	At the time of the SOE follow-up visit, an emergency key had been installed beside the first aid kit. Some extinguishers were missing because they were sent out for servicing following a drill conducted the day before. Other extinguishers were available in the kitchen.	(1) Discuss the ventilation problems with the hostel occupiers and see if a solution can be found. (2) Factory SOE Team to conduct a weekly inspection of the fire fighting system, housekeeping and first aid kits in the hostel.	February 2004	Factory will brief the hostel occupier regarding the need for existing windows to be kept open. In the long term, a new hostel is being constructed and all bedrooms will have windows facing outwards. Estimated completion on February 2004.		
Worker Participation	Occupational Safety & Health (OSH) Safety & Health Committee Regulations 1996	Workers should be involved in planning for safety, including through worker safety committees	Insufficient awareness on safety committee members and their responsibilities among the worker population although they do recognize the Safety Officer		Suggestion Boxes in many prominent places as well as in the toilet	Agree with findings. Lack of awareness among the workers about the Safety Committee.	(1) Factory SOE Team to introduce the safety committee to workers during orientation. (2) Safety committee and management to organize some events to attract the workers interest in the committee.	31 December 2003	Factory will post the organization chart of the safety committee in respective branches. Information about the safety committee also will be posted on the Health & Safety notice boards. The function of the committee and committee members will be introduced during the orientation sessions.		
Other	OSH Act 1994, Safety and Health Officer Regulations 1997				Pictorial instructions of company's Dress Code in 3 languages. Photographs of QC inspection results before & after on notice board of Sewing Area. The setting up of effective Recycling programme and practices (cotton rags, fabric waste, paper/cardboard) in the company with the waste sold to a local contractor and paper waste being sold to a carton factory next door. Piped in music in Production floor. . Engaging a security guard for the night to guarantee safety of the women foreign workers. Present construction of 2 blocks of 5 storey hostel shows company's commitment for workers' welfare						
<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											
Wage Benefits Awareness		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			Oral and written communication in English, Bahasa Malaysia, Mandarin, Cambodian						
<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	Section 59 (1) Lab our Laws of Malaysia, Employment Act 1955, Sub Act A497	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	Workers working 30 days consecutively without any off day in some department such as boiler maintenance department. Hence the working time exceeds the 60-hour working time a week (FLA)	Visual inspection & worker interviews		By the time of the SOE follow up visit, this problem was quickly solved by employing an additional boiler man.	While the findings were limited to factory maintenance staff / engineers, in general: (1) Workers must have one day off of rest within every seven-day period. Factory to adopt a functioning, written rest day policy and systems for its implementation and enforcement. Management should also describe how it will communicate this policy to workers. (2) Factory shall organize production in a manner that will enable them to stay within working hour limits. Rotating job or rest days will help to reduce the OT problem faced by maintenance workers. (3) Enhance the OT monitoring system in identifying the excessive OT problems in advance. Factory management to regularly review work schedules as a means to ensure workers are receiving a day off with seven day-period and that their total working hours do not exceed 60 hours a week. Factory to submit the policies and communication strategies outlined above to Reebok and adidas.	31 December 2003	Factory management will improve the OT monitoring system for rotation and maintenance staff.		

FLA Code/ Compliance issue	Country Law/ Legal Reference	FLA Benchmark	Findings			PC Internal audit findings (Optional)	Remediation				
			Monitor's Findings	Documentation	Best Practice		PC remediation plan	Target Completion Date	Factory Response (Optional)	PC follow up Cite date of Follow-up)	Documentation
<b>H0. 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.											
<b>Miscellaneous</b>											