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 14 in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.
Country: Vietnam

**Company:** Multi-brand Textile Factory

**La Code Compliance**

<table>
<thead>
<tr>
<th>Benchmark or legal reference</th>
<th>FLA Principles of Monitoring: Security of non-compliance reporting channel</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>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 management and undertake other efforts to educate employees about the standards on a regular basis.</td>
</tr>
<tr>
<td></td>
<td>There is no confidential grievance system which workers can go to fear of retaliation from supervisors. All grievances at factory follow strict internal chain-of-command channels.</td>
</tr>
</tbody>
</table>

**Documentation**

- Records Availability
  - GN Legal Requirement: Decision No. 218, Dec. of Finance, May 20, 2000: Companies required to maintain all financial records for period of 5-20 years. 20 years for those not directly related to tax reports. (Law covers payroll and related records.)
  - VN Legal Requirement: Decision 218, Min. of Finance, Dec 29, 2000: Companies required to maintain all financial records for period of 5-20 years. 20 years for records directly related to tax reports, 5 years for those not directly related to tax reports. (Law covers payroll and related records.)

**Status**

- Records Availability
  - Immediate: Factory management responded that data on working hours and supporting documents (ie records related to daily productivity bonuses) prior to August 2002 were "eaten by white ants," but the raw payroll records have been well kept. The factory has organized the pest control and all working hours data has been well kept by Personnel dept after August 2002, both electronically and in hard copy. The supporting documents (productivity bonus details of the payroll have been well kept since April 2003. Factory management recognized the need to keep track of verification and maintain relevant documentation, as required by the FLA and the SOE. The factory is clearly set out in the FLA. FLA may have been provided to all employees in Asia and used as the basis for training. Additionally, unrestricted access to the factory, documentation support staff on-shore under the factory management, and a system to prevent the documents from being tampered with, as described by the factory management.

**PC remediation plan**

- PC remediation plan
  - Ongoing: Factory management will re-emphasize the Non-Retaliation Policy (whenever workers raise any issues), the Confidential Grievance System and Effective Communication Channels, and communicate this message through training for all employees, including Department Managers, Supervisors, Line Leaders and Workers. Most importantly, factory management will establish a comprehensive internal SOE management system and strengthens the internal factory SOE team in order to achieve a sustainable compliance level.

**Findings**

- FLA Principles of Monitoring: Security of non-compliance reporting channel
  - There is no confidential grievance system which workers can go to without fear of retaliation from supervisors. All grievances at factory follow strict internal chain-of-command channels. Additionally, when worker interviews are conducted by adidas, each worker interviewed is given the name of the "SOE Monitor." If the past, the local SOE Monitor has received calls directly from workers complaining about working conditions and seeking assistance.

**Updated FLA Audit Profile**

- Vietnam 01008415B Global Standards-Toan Tin May 9 - 11/2003 Adidas-Salomon Sportswear, polo shirt, sweat-shirt
  - Production processes: cutting, sewing, ironing, packaging
  - No evidence of violation found.
  - No evidence of violation found.
  - Immediate: Factory management said that they have a few cases where workers did not "fry" or scan their time cards when working overtime and that management would highlight the importance of accurate working hours record to all levels of employees and workers to ensure accuracy and consistency.

**Other brands in Factory**

- FLA Code Compliance: Benchmark or legal reference
  - Immediate: Factory management has started providing training to all levels of employees including Department Managers, Supervisors, Line Leaders and Workers. At the end of next training session, trainers will assess the SOE understanding of the participants by simple questions and further training will be provided to those staff who are still uncertain about the code requirements. Most importantly, factory management will establish a comprehensive internal SOE management system and strengthens the internal factory SOE team in order to achieve a sustainable compliance level.

**Findings**

- FLA Principles of Monitoring: Security of non-compliance reporting channel
  - Immediate: Factory management has started providing training to all levels of employees including Department Managers, Supervisors, Line Leaders and Workers. At the end of next training session, trainers will assess the SOE understanding of the participants by simple questions and further training will be provided to those staff who are still uncertain about the code requirements. Most importantly, factory management will establish a comprehensive internal SOE management system and strengthens the internal factory SOE team in order to achieve a sustainable compliance level.
4. Harassment or Abuse

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 is included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.

5. Nondiscrimination

adidas NA 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 is included in internal SOE action plans provided to management. adidas will continue monitoring progress and update the FLA on an ongoing basis.

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**Adidas 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.

**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.

**VL 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.

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**VL Code:** Fla. Art. 108 - An employee must not abuse a female employee who is seven months or more pregnant or currently rearing a child under twelve (12) months old to work overtime or at night. FLA Benchmarks, Non-Discrimination: Employees will ensure that pregnant women are not subjected to any physical, sexual, psychological or verbal harassment of abuse.

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**FLA Code:** An employee must report any incident of sexual harassment to his manager. The manager must ensure that the incident is handled appropriately.

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FLA Benchmark, Wages and Benefits: All compensation and benefits shall be maintained accurately and should be easily understandable by all employees. Records of time worked, including overtime, shall be kept and documented for a period of at least 5 years for the purposes of transparency and auditing.

FLA Benchmark, Hours of Work: Under extraordinary business circumstances, employers will make extensive efforts to secure voluntary hours of work prior to mandating involuntary overtime. 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 will continue monitoring progress and update the FLA on an ongoing basis.

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. Records shown to monitors are not accurate or credible. According to these records, the time clock does not record all time worked. adidas SEA Team has conducted SOE training for factory, including coverage of voluntary overtime 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.

FLA Benchmark, Wages and Benefits: Employers will communicate orally and in writing to all employees in the language of the country the wage, location code, benefits and bonuses to which workers are entitled in that country and under the applicable law.

FLA Benchmark, Hours of Work: Employers shall provide written notice to employees of the start and end times of their work week prior to installing mandatory overtime system. Workers do not know about legal benefits such as severance pay and other benefits to which they are entitled. Employers 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. Workers do not know about legal benefits such as severance pay and other benefits to which they are entitled. adidas will continue monitoring progress and update the FLA on an ongoing basis.

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Workers lack a clear understanding of how hours and OT go into their pay calculation. Some interviewed workers reported 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 payroll 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.