

Stakeholder Dialogue, Adidas-Salomon

Conducted on 12 & 13 October

In Malaysia

By Diena Trigg (Independent Observer)

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Terms of Reference

On 12 and 13 October 2004, in Kuala Lumpur, Adidas-Salomon conducted a dialogue of key stakeholders in the employment of Indonesian and Vietnamese migrant workers in its vendor factories in Malaysia. The overall objectives of the dialogue were to gather insights and feedback from the stakeholders on the level of implementation of Adidas-Salomon's Standards of Engagement (SOE) in their Malaysian vendor factories and on the working conditions experienced by Indonesian and Vietnam migrant workers in these factories in order to formulate recommendations on how to improve both.

To accurately diagnose the current realities faced by migrant workers in Malaysia, Adidas invited several different stakeholder groups to the dialogue.

The first day's dialogue was between factory managers/owners, recruitment agents, embassy representatives, buyer (Adidas-Salomon) representatives, and Adidas-Salomon set the following objectives for it.

- ? To foster open dialogue among stakeholders and gain their feedback and comments.
- ? To discuss and provide recommendations about the general working and living conditions of migrant workers in Malaysia
- ? To assess impacts of the above on Adidas-Salomon's Global SOE program
- ? To publish on our Social and Environmental Affairs Report 2004 and our company website.

The second day's dialogue was between migrant workers from Indonesia and Vietnam and Adidas-Salomon representatives, and Adidas-Salomon set the following objectives for it.

- ? To improve knowledge and awareness on the implementation of SOE standards
- ? To discuss the implementation of SOE standards in the factory
- ? To open a dialogue to acquire comments and feedback regarding the work conditions and the living conditions of migrant workers in Malaysia
- ? To find recommendations to improve the work and living conditions of migrant workers in Malaysia
- ? To achieve positive impacts towards SOE globally
- ? To publish the results of the dialogue in the report of SEA 2004 and website

Adidas-Salomon assigned Diena Trigg of Business Dynamics, Indonesia and Mr Tran Ngoc Tue from Vietnam as independent observers of the dialogue.

This report presents the results of Diena Trigg's observations over the two days. It assesses the overall effectiveness (and constraints to the effectiveness) of the dialogue, describes the key working, living and SOE issues that came to light over the two days, and recommends actions to further enhance the Adidas-Salomon SOE programs in Malaysia and globally.

The findings in it are based on the information and opinions given verbally by the dialogue participants. Where possible, these were cross-checked through informal conversations with individual participants. None of the findings are based on direct observation of in-factory working conditions, as this was outside the scope of the stakeholder dialogue.

Background: Migrant Workers in Malaysia's Manufacturing Sector

There are currently around 2,000,000 migrant workers working in Malaysia, many of whom are employed in garment factories around the country. This relatively high number results from the high demand for workers in Malaysian textile factories and the difficulties in filling the available positions with Malaysians, who generally prefer to pursue the abundant work opportunities in other sectors. Migrant workers employed in Malaysia are mostly from Indonesia, Vietnam, Thailand, Sri Lanka, Cambodia, India and Bangladesh. Only Indonesian and Vietnamese migrant workers were invited to the dialogue as they are the numerous in Adidas-Salomon supplier factories.

This situation is likely to continue for several years, but not indefinitely. The participants of the first day's dialogue felt that as soon as job opportunities in non-manufacturing sectors leveled off or declined, more Malaysians would enter the manufacturing sector and the dependence on migrant workers would decrease. However, for the foreseeable future, large numbers of migrant workers in Malaysia's manufacturing sector are seen as a fact of life.

By better understanding how migrant workers live and work in Malaysia, stakeholders can cooperate to more effectively implement Standards of Engagement, improve the workers' quality of life and working conditions and remove barriers to their job satisfaction and peace of mind – with clear benefits for all the parties involved.

Findings

Overall Effectiveness and Constraints of the Dialogue

Overall, the dialogue was smooth and effective on both days. The facilitation process ensured open and frank contributions from all attending stakeholders, who clearly welcomed the dialogue as a useful forum through which to channel their views and concerns.

The first day, attended by factory managers, recruitment agency representatives and embassy representatives, was facilitated effectively by Mr. Andrew Teh, Adidas's SEA Senior Manager.

However, it was hindered by the absence of some stakeholders, who were unfortunately unable to attend the whole day, or, in one case, did not attend at all. The Indonesian embassy's representative did not attend any sessions, and Mr Nguyen Tuan Anh of the Vietnamese Embassy and Mr Pham Lam of the Recruitment Agent were only able to attend the morning sessions, and therefore missed the sessions that explored recommendations for improvements. So while yielding useful information and insights, the first day was not as effective as it would have been if all of those invited had attended the whole day, and several issues could not be clarified fully.

The second day, attended by 12 Indonesian and 12 Vietnamese migrant workers from various Adidas supplier factories was more smooth, open and constructive. In the two morning sessions, the workers were trained in Standards of Engagements (SOE) and Health, Safety and Environment (HSE) principles to better equip them to participate in the afternoon's dialogue sessions. The dialogue session with Indonesian migrant workers was facilitated in bahasa Indonesia by Ms Adelina Simanjuntak, the SEA manager, Adidas – Indonesia and observed by Diena Trigg. The dialogue with Vietnamese migrant workers was facilitated in Vietnamese by Ms Chau Tran, the SEA manager, Adidas, Vietnam and observed by Mr. Tran Ngoc Tue. The two dialogues were held in separate rooms and each focused on seeking solutions to issues raised by participants rather than simply identifying problems and apportioning blame.

A further slight hindrance to the effectiveness of the dialogue was that the lunches on the first day was held in a restaurant outside the dialogue venue, which meant that it was not possible to start the afternoon sessions on time.

Findings from First Day's Dialogue

Although participants were invited to explore both the opportunities and challenges for migrant workers in Malaysia the issues they raised focused much more on the latter. The key issues that came to light during the first day's dialogue were as follows:

Vietnamese “Government Tax”

The factory managers reported that the Vietnamese recruitment agents require factories to deduct the workers’ basic salary by 10% monthly to enable the agents to pay a “Vietnamese Government Tax” for each worker. However, the Vietnam Embassy Representative stated that the Vietnam government does not apply such a tax to their migrant workers. He added that the fee is actually a service fee applied by the Recruitment Agent to cover the costs of arranging the workers’ legal documents prior to their arrival in Malaysia. The employers felt that this was not a fair situation, and should be clarified and resolved between the workers and the recruiting agents. They felt that it was unreasonable for them to be involved in effectively collecting and returning the workers’ debt to the recruiting agencies.

Concerns about Recruiting Agency’s Ability to Provide Qualified Workers

The factories were unhappy that some recruitment agents had not kept their promises in supplying qualified workers. For instance, Vietnamese recruitment agents promised to provide workers who spoke simple English; however, many new Vietnamese recruits did not speak or even understand simple English. The factories and Vietnamese workers were therefore frustrated and dissatisfied at the challenges of communicating and the amount of time it took to learn to communicate with each other. (Note: the communication barriers between Indonesian migrant workers and Malaysian management were generally much less severe as the Indonesian language is so similar to the Malaysian language and any fluent Malay speaker has little or no difficulty in communicating clearly with Indonesians).

The factories felt that recruitment agents did not adequately train the workers in English language and Malaysian culture and regulations prior to their departure. In some cases they questioned whether recruitment agents provided any pre-departure training at all for migrant workers.

Malaysian Levy

The Malaysian government charges an individual levy on each migrant worker of RM 1200, which must be paid up front prior to the workers’ assignment. The policy does not appear to clearly indicate who should bear the cost of the levy. In practice, factories normally pay the amount up front to the government, but the workers end up bearing the cost by returning the levy to the factory through ten to twelve monthly installments.

According to the participants, standard daily wages for migrant workers are RM18 – 20 per day for non-Indonesian workers, and RM15 for Indonesians. There is no minimum wage policy in Malaysia, so these amounts are entirely the decisions of the factories

themselves. Monthly take home pay (including overtime and benefits) is roughly between RM 1000 and RM 1500 per worker. Accordingly, the workers find the monthly deduction of RM 100 to pay the levy very burdensome.

Induction Training Program

On 1 November 2004, the Malaysian government will implement a policy requiring every new migrant worker to undergo an induction training scheme. The training costs RM 250 per worker, plus a US\$10 registration fee per worker. The workers themselves will have to bear all of these costs.

The government has assigned only four companies to conduct this training and the factory managers questioned the reasons for the appointment of these four companies and no others. Factory managers are also concerned that this new government program may not meet the needs of their industry.

Medical Test (FOMEMA)

As one of the requirements for the extension of the workers' contracts with the factories, the workers have to have medical check-ups by a medical agent (FOMEMA). The checkups cost RM 180 for male workers and RM 190 for female workers. The participants reported that the cost of these check ups should be borne by the factories.

Workers Go to Other Factories for Higher Wages

The factory managers reported that some migrant workers left their factories to work in other factories that offered just a few more ringgits basic pay. They felt this disadvantaged their factories. They appeared to claim that the only reason the workers left was for the slight increase in pay and did not offer any other reasons related to working conditions.

Police Checks of Migrant Workers' Documents

The factory managers said they were concerned because police often stopped their workers on the road to check their legal documents. Workers unable to produce the required documents had to pay police to let them go. However the managers did not indicate that they had engaged in any dialogue with the police to mitigate this problem.

Findings from Second Day Dialogue with Workers

On the second day, the Indonesian workers brought up many of the issues the first day participants had described, plus some other issues they faced in their everyday lives inside and outside the factories, as follows.

Work Conditions

Even though the facilitator listed categories of possible working conditions, SOE/HSE categories on the flipchart and invited the participants to bring up any issues they were concerned about in any of these categories, the workers did not report many factory floor SOE/HSE issues. The working conditions issues they chose to report related to individual cases of highly inappropriate management behaviour rather than patterns of SOE/HSE violations in the course of normal working days on the factory floor.

This does not necessarily mean that there are no patterns of SOE/HSE violations in the factories and could simply indicate that other issues such as recruitment, pay and overall security in Malaysia are far greater concerns to workers at this time. It could also be a symptom of their difficulties in critically analyzing SOE/HSE compliance in their factories so soon after learning about these principles during the morning session. The working conditions issues they chose to report are as follows:

1. Participants from several factories reported that workers were often not allowed to attend Friday prayers. This was the most frequent and apparently systemic working conditions problem they reported. They said that they understood the management's need to have workers work full work days and were willing to leave the factory later and have shorter breaks to make up for the time that would be lost to Friday prayers. However, they complained that the factory management was inflexible in some cases, and did not allow some workers to attend Friday prayers, which they saw as an important religious obligation.
2. One worker complained about a supervisor who sometimes abuses workers verbally and physically. The forms of verbal abuse were name calling and comparing workers to animals. The forms of physical abuse reported were pulling ears and slapping hands. This appeared to be the behaviour of an individual in one factory rather than a widespread pattern of abuse.
3. A worker from one factory reported that a worker was not allowed to take a single day off in the last five months. His supervisor even forced him to work overtime on a day when he was sick (and had requested to go home early) by threatening to never allow him to work overtime again if he did not work overtime on that day.
4. Workers from one factory reported that their management avoided getting involved in a heated argument between two migrant workers from two countries. Rather than helping the two people resolve their argument, the factory called in the police. The policemen took sides rather than finding out exactly what the real problem was. The factory management's failure to solve the problem and their involvement of the police disappointed the workers, who felt that the management had an obligation to settle such problems themselves.
5. Recently most Indonesian workers were not able to vote in the Presidential election because they were not registered as voters in the Indonesian Embassy.

They wanted to know how they could participate in the next Indonesian general election if they are still working in Malaysia at that time.

6. The workers wanted to know if there was a government regulation or requirement for factories to organize an outing for workers once a year. They felt that they really needed the kind of rest and relaxation such an outing would provide, but that no such outings had been organized.

Recruiting Procedures and Fees for Migrant Workers

1. The workers complained about the high recruitment-related fees they had to pay in Indonesia prior to their departure for Malaysia and extending through their first year of work in Malaysia. The following is a breakdown of the recruitment-related fees an Indonesian migrant worker typically has to pay to work in Malaysia.
 - ? Document processing (passport, visa, work document and recruitment agent fee): Around RM 3000 to 4000
 - ? Transportation fee (Indonesia-Malaysia): RM 1500 to 2000
 - ? Induction Training Fees
 - i. Registration: US \$10,
 - ii. Induction Fee: RM 250
 - ? Levy plus 'other charges': RM 1310 (to be prepaid by the factory but to be reimbursed by the workers monthly).
 - ? Medical Test by FOMEMA costs RM 190 for a female worker and RM 180 for a male worker.
 - ? Total recruitment-related fee paid by each worker: RM 6290 to 6790

The worker's basic daily salary per day is around RM15. Their monthly take home pay including overtime is between RM 1000 and 1500, depending on their position and the amount of overtime they do during the month.

The workers in the dialogue felt that these recruitment fees were a very severe burden when compared to their monthly income.

2. The workers reported that recruitment agents did not equip them with adequate basic skills training prior to their departure, or adequate knowledge training to prepare them for their new jobs. As a result most said that they had been poorly prepared to work in Malaysia, and had felt uncomfortable in making the move to

- Malaysia. Sometimes the recruitment agents informed them that they would work in a certain factory, but the factory they were actually placed in was completely different. As such, the workers seemed to feel that they were subjected to a great deal of unnecessary uncertainty prior to their departure for Malaysia.
3. Contributing to this uncertainty is some recruitment agents' practice of sometimes having workers sign their contracts as little as an hour or two prior to departure to Malaysia. As a result, such workers do not know where they will work beforehand or what kind of work they will do in the new place. If they were to refuse to sign the contract and leave Indonesia as required by the agent, they would lose all of the money they had paid to the agent for their recruitment.
 4. Recruitment agents routinely ask newly recruited workers to give them their school diploma or a land certificate as a guarantee that the workers would repay their recruitment fees in full if they had not done so prior to their departure. The agencies did allow workers to return the loan on their return to Indonesia, but charged workers RM 100 to 200 on top of the original loan.
 5. When workers return to Indonesia, the factories provide them with an air or ferry ticket in line with the mode of transportation each worker used to for their journey to Malaysia at the beginning of their contract. They would like a policy where all people from the same town/village would be given the same mode of transport, preferably air transport.
 6. Related to the above, some factories do not pay for the workers' transportation from their dormitories to the port or airport at the end of their time working in Malaysia. So, the workers themselves have to pay around RM 250 for the transportation.

Wages and Benefits

The Indonesian workers participating in the dialogue had a number of complaints about factory wage and benefit practices that they felt discriminated against Indonesian migrant workers.

1. The participants strongly believed that Indonesian migrant workers are paid less per day than migrant workers from other countries. They reported that daily wages for Indonesians are around RM 15, whereas daily wages for workers from other countries were RM 18. They believe these lower wages apply to Indonesians even when they have the same skills and responsibilities and they have been working in the factories as long as non-Indonesian migrant workers. They expect factories to explain what they appear to see as a discriminatory policy.

They are particularly dissatisfied at this lower rate because it is used in overtime calculations and thus has a large impact on their monthly take home pay. For each overtime hour they are paid 150% of their standard hourly rate. For each hour they work on weekends and public holidays they are paid 200% and 300% of their hourly income respectively. The RM 3 difference in their daily rate compared to other nationalities translates into a very significant difference in monthly pay when they work large amounts of overtime. They are unaware of the reasons for these apparent differences in rates of pay for Indonesian and non-Indonesian and see them as serious and unacceptable discrimination by factories against Indonesian workers that they would like to remedy.

2. Some workers reported that some Indonesian migrant workers were paid RM 13 per day as the starting wage. In such cases, the factory promised to increase this base salary as the worker improved his/her productivity. In reality it often took a long time for such workers to begin to receive the increase. There is no policy on regional minimum wages in Malaysia.
3. Several participants felt that wage increases were not allocated equitably to each section of the factories. They felt that some sections received larger increases than others and perceived that these differences were not necessarily due to actual differences in work performance, level or years worked.
4. Local (Malaysian) workers receive higher bonuses than migrant workers. The participants were uncomfortable with this, and were not aware of the reasons for such differences.

They would like factory managements to explain to them whether they are due to a fixed policy of paying migrant workers smaller bonuses, or other considerations such as productivity, years of service or other factors.

5. The participants reported that most factories pay migrant workers' medical test (Fomema) fees for the migrant workers, but some workers reported that they had to pay their own fees. Factories are supposed to pay the fees.
6. Most factories provide workers with a pay slip with detailed calculations of their take home pay each month. However, some workers reported that they did not know how their take home pay was calculated as their factory did not provide such a slip.

Workers' Living Conditions

Many of the Indonesian migrant workers reported that they felt unsafe working in Malaysia, and that this was something they felt strongly about and would like to see changed. The following factors contribute to their feelings of insecurity.

1. Many factories keep the workers' passports and justify this practice by telling the workers that it is to prevent people from stealing their passports from their dormitories. This practice creates a constant source of worry and insecurity for the workers as they are often stopped by police wishing to check their documents. When they cannot prove they are working legally in Malaysia, they have to pay the police RM 50 to RM 100 to be allowed to continue on their way.

Some factories have provided workers with identity cards (Surat Pengenalan Pekerja Asing) that demonstrate to the police's satisfaction that they are "legal" workers, but many workers do not have such cards. The workers consider them a satisfactory solution to the problems arising from their passports being held by factories.

2. A worker reported that he asked his factory to provide a "Surat Jalan" (travel document) to Port Dickson so that he could attend the dialogue. However, the factory did not fulfill this request, even though the worker needed it urgently to enable him to travel safely.
3. Sometimes the police raid the workers' dormitories in an attempt to find illegal workers. Workers typically found this quite upsetting and traumatic.
4. The participants complained in some places in Malaysia muggings of workers are quite common and as a result some workers felt unsafe going out.
5. Almost all the workers reported that they were extremely homesick working in Malaysia. They missed their home towns and villages and families immensely.

Conclusions

The Stakeholder Dialogue was an excellent first step in highlighting issues of concern to the different migrant worker stakeholders, including the migrant workers themselves.

The workers themselves were most concerned about their treatment by recruiting agents, their wages and benefits in Malaysia compared to the numerous fees they have to pay to work in Malaysia, and their general level of security living and working in Malaysia. The concerns they expressed were focused mostly on “basic needs” issues of securing the means to live comfortably and safely.

The factory managers appeared most concerned about the poor service they received from recruiting agencies and the various levies and fees applied to migrant workers in Malaysia. They were also concerned at how migrant workers were inclined to move to other factories for very slightly higher wages, which could be further indication of migrant workers’ difficulties in making ends meet on existing wages, given the fees they are required to pay to be able to work in Malaysia.

The workers provided little evidence of systemic SOE/HSE violations experienced by migrant workers in the course of a typical working day on the factory floor. This does not necessarily mean such systemic problems do not exist because:

1. The participants may have been so overwhelmed by their concerns about the above “basic needs” issues that they chose to focus almost exclusively on them during the dialogue.
2. The participants might not have had time to reflect adequately on SOE/HSE implementation in their factories so soon after receiving training on these principles during the morning session.

Recommendations

The following recommendations are for first steps that could be taken to begin to address the issues identified in the above findings. Some of the recommendations are from the Stakeholder Dialogue participants themselves, and some are from Diena Trigg, who was asked to make such recommendations as part of her terms of reference.

Vietnamese Government Tax

1. Vietnamese workers in all factories should be notified immediately that there is no 10% government tax in Vietnamese migrant workers and that the 10% deducted from their salary is in fact a fee levied by the recruiting agencies to recoup the costs of processing the workers’ documents.

Recruitment Agents

1. Some factory managers suggested that factories should begin to explore the possibility recruiting workers directly from the country of origin without involving recruiting agencies. In practice, this may be a very difficult solution for factories to implement.
2. Other factory managers suggested that factories managers should be more assertive in negotiating with recruitment agencies to rectify aspects of their service that the factories were not satisfied with.
3. We believe an effective to approach to ensuring qualified and capable migrant workers are recruited and properly prepared to work in Malaysia would be as follows:
 - a. Adidas-Salomon should work with factory associations to formulate recruiting practice standards for recruiters. Such standards could include:
 - i. Minimum worker competency requirements that the recruiting agencies would be required to guarantee. These competency standards could include language skills, knowledge of the target culture and any essential technical competencies.
 - ii. Minimum standards for fair treatment and proper orientation of new recruits prior to departure.
 - b. Adidas-Salomon and its vendor factories in Malaysia should then provide these standards to recruiters in the countries of origin and inform them that within a certain time period only recruiting agencies that conform to these standards will be used to source workers for Adidas-Salomon vendor factories. It would be ideal if the related government departments in the country of origin could be involved in this initiative.
 - c. In the long-term, Adidas-Salomon could employ the services of a third party, such as NGOs or universities to audit its approved recruiting agencies.

Malaysian Levy

Factory managers recommended that factories should pay a progressively higher proportion of the Malaysian Levy for highly productive workers who extend their contracts. For example, a worker beginning employment at a factory would pay the full levy for the first year, but the factory would pay a proportion of the levy on the first renewal of the contract, and a higher proportion on the second renewal. This progressive levy reduction, they suggest, should only apply to highly productive workers.

Induction Program

We recommend the following actions to address the factory managers' concerns that the new Malaysian induction program may cost too much and not fully meet their needs.

1. Adidas-Salomon and its vendor factories should request and critically evaluate the induction program's curriculum and assess the extent to which it will provide value for money in line with industry needs.
2. It would also be highly beneficial if some factory managers and Adidas-Salomon representatives were to attend the induction training as observers to more accurately diagnose the effectiveness of the training and formulate appropriate recommendations to the Malaysian government department involved in providing it.
3. Working with industry associations and perhaps other brands, Adidas-Salomon should engage the Malaysian government department responsible for the new induction program in a process of revising and improving the program to ensure the most useful orientation for migrant workers possible, and the best possible value for money.
4. Factories should consider the idea of paying the induction program fees on behalf of the workers, or sharing the cost of the induction program with the workers if this is not possible.

Medical Test (by Femoma)

Since the government apparently requires factories to pay the costs of workers' medical tests, we recommend that Adidas-Salomon should monitor each of its vendor factories to determine which ones are failing to meet this obligation and take corrective action as necessary.

Preventing Workers from Going to Other Factories for Higher Wages

We recommend that factories address possible causes of this phenomenon by benchmarking their wage levels for migrant workers against industry standards and addressing the workers concerns about their recruitment fees and other fees, and their general lack of security as vigorously as possible.

Work Conditions

1. For the reasons stated in the Conclusions section above, it is possible that the workers did not fully report the broad range of SOE/HSE issues that they experienced in the factories. We therefore recommend that future Stakeholder Dialogues be held to further look specifically and in more detail into the specific

- compliance issues that migrant workers experience in their day-to-day work on the factory floor.
2. The workers interviewed recommend that Adidas-Salomon and the factories concern take action in relation to each of the serious incidents reported in the Work Conditions section of the findings. We suggest Adidas-Salomon and the factories could work together to implement the following appropriate responses:
 - a. Investigate the cases of the abusive manager and the worker who was not permitted to take any holidays and discipline the individuals responsible for the violations.
 - b. Work together to agree on clear parameters for involving the police in worker disputes to ensure that where feasibly possible factories solve worker disputes themselves. Involving police in disputes between workers of different nationalities is a very risky strategy, as it could lead to one group of workers feeling victimized and much wider unrest in the factory.
 - c. Agree on clear standards and procedures for allowing Moslem workers to attend Friday prayers in line with Malaysian regulations, and work together to ensure that these are implemented.
 3. The workers suggested that Adidas-Salomon encourage factories to train supervisors in how to manage their subordinates effectively. They suggest that such training should include a section on recognizing and preventing harassment/abuse.
 4. Workers recommended that factories should organize and outing to refresh their workers once a year. Factories may wish to explore this possibility as a means of generating worker loyalty and perhaps reducing turnover.

Inability to vote in Presidential election.

Factories and adidas-salomon should find out from the Indonesian embassy how migrant workers can register and participate in Indonesian elections, and publish this process in each factory well before the next election.

Recruitment Fee for Migrant Workers

1. We recommend that Adidas-Salomon work closely with factories to determine which recruitment-related fees for migrant workers must legally be paid by factories and which can be borne by the workers themselves. It should then take action to ensure that workers at its vendor factories do not pay any fees that the factories themselves are supposed to pay.

2. We recommend that factories look at ways of reducing worker dissatisfaction with their transportation to and from Malaysia by either ensuring all workers from the neighbouring areas are provided with the same mode of transport.
3. Adidas-Salomon and factories need to clarify whether factories or workers should pay for worker transportation costs to and from ports and airports on departure, and apply a common policy.

Wage/Benefits

1. All factories should be required to provide detailed pay slips in each worker's monthly pay packet, detailing the calculations used to determine their take-home pay. Failure to do so will lead to needless and persistent trust issues between workers and factory management.
2. Adidas-Salomon should investigate the workers' belief that Indonesians are paid less than workers from other nations for the same work. Since this is apparently such a large source of dissatisfaction among Indonesian migrant workers, we recommend that the factories at minimum provide a legitimate reason for such differences, or discontinue the practice entirely to avoid allegations of discrimination.
3. Similarly, we recommend that Adidas-Salomon investigate the claims that Indonesian migrant workers are paid lower bonuses than Malaysian workers and determine the reasons for any differences found.

Workers' Living Conditions

It is imperative that factories and Adidas-Salomon do what they can to make migrant workers feel more secure in Malaysia.

1. Workers suggest that all migrant workers be provided with identity cards (Surat Pengenalan Pekerja Asing) without delay so that they can go about their daily routines free from the fear of difficulties with the police. Adidas-Salomon could play an important role here in checking that all factories comply.
2. Adidas-Salomon should look into the factories' practice of keeping migrant workers passports, and should determine whether or not workers are able to retrieve their passports at any time should they so desire. It should also check to see that any worker whose passport is kept by the factory is provided with a photocopy of his or her passport.

3. Factories should be more active in working with the police to minimize inappropriate police actions against their workers, possibly in cooperation with industry associations.
4. Factories should also provide guidelines to workers on how to react if they are stopped by police on the street, and clarify how the factory will support them if they run into any difficulties.

Recommendations to Increase Effectiveness of Future Stakeholder Dialogues

We wholeheartedly recommend that future Stakeholder Dialogues be held to build on the wealth of insights that this first dialogue has yielded. To enhance the effectiveness of future Stakeholder Dialogues, we have the following recommendations to make:

1. The workers who attend the next dialogue should ideally be trained fully in SOE and HSE principles at least one month prior to the dialogue itself. At the end of the training program, they should be asked to write their observations of any SOE and HSE compliance issues that they observe in their factories in the month before they attend the dialogue. This process is likely to yield very rich information on any specific SOE and HSE issues faced by migrant workers on a daily basis on the factory floor.
2. Having the participants eat lunch at the Stakeholder Dialogue venue would be an effective time to minimize the loss of dialogue time due to the lunch break.
3. The organizers of the next dialogue could play relaxing instrumental music to create a friendly and comfortable atmosphere for the participants who arrive early while they wait for the other participants to arrive.

Appendix: Stakeholder Dialogue Participants and Agenda

Participants of Day One Dialogue:

| | |
|------------------------|--|
| Mr Andrew Teh | Senior Mgr, Social & Environmental Affairs |
| Ms Adelina Simanjuntak | Manager, SEA Dept. |
| Ms Chau Tran | Manager, SEA Dept. |
| Mr Tran Ngoc Tue | Independent Observer |
| Ms Diena Trigg | Independent Observer |
| Ms Nguyen Tuan Anh | Vietnamese Embassy (morning only) |
| Mr Toney Fong | Gran Labour |
| Mr Pham Lam | Recruitment Agent (morning only) |
| Mr Wong Seng Choi | Director, Growth Process |
| Mr Alfred Ang | HR, Admin Mgr, PCCS |
| Mr Tan Bu Min | HR Manager, Hytex |
| Mdm Wong CH | Director, Jetex |

Absent:

| | |
|------------------|--------------------|
| Mr Rizaldi Ishak | Indonesian Embassy |
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Day One Agenda:

- 9.00 – 9.15 : Arrival & registration of invited participants
- 9.15 – 10.00 : Welcoming & opening
- ? Briefing on Emergency Evacuation
 - ? Introduction of facilitator, independent observers, guests and participants
 - ? Objectives & basic rules of Stakeholder Dialogue
 - ? Dialogue Agenda
- 10.00 – 10.30 : Dialogue Session (Part 1)
- What are the current updates of Indonesian and Vietnamese migrant workers in Malaysia?
- 10.30 – 11.00 : Coffee Break
- 11.00 – 12.30: Dialogue Session (Part 2)
- What are the present challenges and opportunities of migrant workers in Malaysia?
- 12.30 – 14.00 : Lunch Break
- 14.00 – 15.30: Dialogue Session (Part 3)
- What are some recommendations to overcome the present and future challenges of migrant workers in Malaysia?
- 15.30-16.00: Coffee Break
- 16.00-16.30: Other issues and summary
- End of Stakeholder Dialogue

Participants of Day Two Dialogue (Workers):

1. Dandi
2. Yuniana
3. Jalal Asidri
4. Budi Supriadi
5. Joko
6. Yulianto
7. Dedi Susila
8. Engku Mazlan
9. Budi Alfiansyah
10. Norfansyah
11. Herman
12. Farida

Agenda of Day Two Dialogue:

- 8.30 – 9.00 : Arrival and registration of invited participants
- 9.00 – 9.30 : Welcoming and Opening
- ? Briefing on Emergency Evacuation
 - ? Introduction of SEA Team and Participants
 - ? Objectives of SOE training
 - ? Training Agenda
- 9.30 – 10.30 : General SOE Principles and HSE standards
- ? What is SOE?
 - ? Why SOE?
 - ? General SOE Principles
- 10.30 – 11.00 : Coffee Break
- 11.00 – 12.00: Basic Employment Standards
- ? Forced Labour
 - ? Child Labour
 - ? Discrimination
 - ? Wages and benefits
 - ? Hours of Work
 - ? Freedom of Association and Collective Bargaining
 - ? Disciplinary Practice
- 12.00 – 12.30 : Questions and Answers: end of SOE training
- 12.30 – 13.30 : Lunch Break
- 13.30 – 14.00 : Arrival and registration of invited guests & participants

- 14.00 – 14.30 : Welcoming and opening
- ? Briefing on Emergency Evacuation
 - ? Introduction of facilitator, independent observer, guests and participants
 - ? Objectives and basic rules of Stakeholder Dialogue
 - ? Dialogue Agenda
- 14.30 – 15.30 : Dialogue Session (Part 1)
- ? Recruitment Costs and Procedures
 - ? General Working Conditions
- 15.30 – 16.00 : Coffee Break
- 16.00 – 17.30 : Dialogue Session (Part 2)
- ? General Living Conditions
 - ? Communication
 - ? Wages and Benefits
- 17.30 – 18.00 : Other Issues and Summary
- End of Stakeholder Dialogue