

*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.

Factory Profile	
Country	China
Factory Code	12001518A
Independent External Monitor	Bureau Veritas Consumer Products Division-Merchandise Testing Labs
Date of monitoring visit	July 29-30, 2002
Duration of IEM Evaluation	8 Days
Participating Compan(ies)	Reebok Internatioanl Ltd.
Number of workers	650
Product(s)	Knitted tops

FLA Code	Findings			Remediation			
	FLA compliance benchmark or legal reference	Monitor's Findings	Documentation	Remediation plan	Status	Documentation	Participating Company Comments
<b>1. Code Awareness</b>							
Code posting	Per <b>FLA Principles of Monitoring 1C, 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.	No FLA COC or PC COC was posted in any production floors or dormitory building.	Per visual inspection	Post the Code of Conduct, in the local language, in all the buildings of the factory. Additionally, submit and implement a plan for effectively educating managers, supervisors and workers on the Reebok Code of Conduct.	The Reebok Code has been posted in the production floor and the dormitory. Training on the code will be provided to managers, supervisors and workers through regular meetings and discussion sessions. The training schedule is provided. (1) Non-discrimination - 10/28/02 to 11/4/02 (2) Working Hours/Overtime - 11/11/02 to 11/18/02 (3) No Forced or Compulsory Labor - 11/25/02 to 12/2/02 (4) Fair Wages and Benefits - 12/9/02 to 12/16/02 (5) No Child Labor - 12/23/02 - 12/30/02 (6) Freedom of Association - 1/6/03 to 1/13/03 (7) Non-Harassment - 1/2/03 to 1/27/03 (8) Health & Safety - 2/3/03 to 2/28/03 All production managers, supervisors and workers were required to participate in this education scheme to further their understanding about the code of conduct.	Factory's education scheme was submitted to Reebok for verification, and is kept in Reebok's internal files.	Training sessions are still ongoing. Reebok will continue to work with the factory to determine additional training needs, in order to proactively institutionalize human rights compliance in the factory.
<b>2. Forced Labor</b>							
<b>3. Child Labor</b>							
Inadequate age documentation	According to PRC Labor Law : Article 15, employing unit is prohibited to recruit child labor ( laborer aged below 16 ). In accordance with <b>FLA Benchmarks, II. Child Labor</b> : Employers will maintain proof of age documentation for all workers, such as a birth certificate, which verifies date of birth.	A review of personnel files revealed workers who had no ID card copies attached in the personnel records.	Personnel records	Factory must immediately update its personnel records to ensure that all workers have age documentation available. In the absence of birth certificates Reebok at least requires a valid government ID.	The workers cited in the Auditors' Findings had lost their ID cards and therefore were unable to provide age documentation. Factory has taken immediate action to update its personnel records to maintain accurate and complete information. Prior to hiring individuals, factory is now requiring each worker to show an original document to verify age, and all documents regarding age are being kept in the worker's personnel files.		Reebok is requiring the factory to maintain procedures for verifying the age of all employees, and for tracking the age of all workers under the age of 18. Reebok will continue to monitor the factory's compliance regarding child labor through regular audits.
<b>4. Harassment or Abuse</b>							
<b>5. Nondiscrimination</b>							
Maternity Leave	According to Article 62 of the Labor Law of the People's Republic of China: Childbearing female employees shall be entitled to a maternity leave of no less than 90 days. In accordance with the <b>FLA Workplace Code Provision on 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.	Only when workers have worked one full year in the factory can they enjoy paid maternity leave.	Per document review and employee interviews.	Factory must revise its maternity leave policy to ensure that it applies to pregnant workers, regardless of length of service.	The maternity leave policy has been revised to cover all employees irrespective of the length of service. The policy is included in the employee regulation sheet.	Reebok obtained a copy of the employee regulation sheet in the employee handbook, which is being maintained in Reebok internal files.	

FLA Code	Findings			Remediation			
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<b>6. Health and Safety</b>							
Fire Safety	According to Article 10.2.6 of the Fire Prevention Standard for Building Design (new revision of GBJ 16-87): All units shall provide emergency lights for evacuation passages, exist and stairwells. In accordance with <b>FLA Benchmarks, V. Health and Safety</b> : 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.	There was no emergency lighting installed above the 2 exits on the 4th floor of production building and on the 2nd floor of canteen.	Per visual inspection	Factory must install emergency lights where needed.	Emergency lights were installed above the two exits on the 4th floor of the production building, and on the second floor of the canteen.	Reebok has verified installation of lights as needed. Picture copies of the emergency lights are maintained in Reebok's internal files.	
PPE	According to Article 74 of Factory Safety and Health Rules: In any one of the following cases, a factory should provide its workers with working clothes or aprons and, according to needs, provide protection articles, including helmets, gauze masks, gloves, leg guards and shoe covers: (1) Operations that are easy to cause burn, scalding or mechanical trauma. In accordance with <b>FLA Benchmarks, V. Health and Safety</b> : Workers shall wear appropriate protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste.	Auditors noted washing workers for whom no apron was provided	Per visual inspection	Factory must provide apron to workers. In addition, factory must post signs that say workers must wear aprons while working in the washing area.	All workers in the washing area have been provided with aprons and instructed to wear them.	Factory submitted receipts from purchases of the aprons, as well as photos of the work area, which are maintained in Reebok's internal files.	
Chemical management	According to Health and Safety section of Compliance Benchmarks, all documentation required to be available to workers and management by applicable laws (such as health and safety policies, MSDS) 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. In accordance with <b>FLA Benchmarks, V. Health and Safety</b> : 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.	There was no MSDS posted in the chemical warehouse.	Per visual inspection	MSDS, in the local language, must be posted in all locations where chemicals are stored and used.	MSDS is now posted in the areas of use and in the chemical storeroom.	Pictures of the postings in the areas of use and in the chemical storeroom have been submitted to Reebok for verification and are being kept in Reebok's internal files.	
Machine safety	According to Article 32 of Factory Safety and Health Rules: Protection devices shall be mounted on dangerous parts, e.g. driving belt, open gear, grinding wheel, electric saw, axial ring that is close to the ground, rotary axle, belt pulley and flywheels. In accordance with <b>FLA Benchmarks, V. Health and Safety</b> : All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	There was no pulley guard on one sewing machine in the embroidery department on the 4th floor of production building.	Per visual inspection	Install pulley guards on all sewing machines.	Pulley guards have been installed on all sewing machines.		Reebok's monitor confirmed the installation of pulley guards with the factory, and will re-verify through visual inspection and worker interviews during its internal audit of the factory scheduled later this year.
Hygiene	According to Article 26 of Chapter 6 of the Food Sanitation Law of the People's Republic of China: Those in food production and management shall receive a health checkup every year. New and casual laborers of food production and management shall receive a health checkup and obtain the health certificate before they can take up their jobs. In accordance with <b>FLA Benchmarks, V. Health and Safety</b> : 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.	Auditors reported that some kitchen workers were not subject to health examinations.	Per document review	Reebok standard requires that all workers in the kitchen area be free of any communicable disease. In order to ensure the hygiene of food preparation factory must immediately conduct health examinations on untested kitchen staff.	All kitchen workers have undergone health examinations	Photocopies of the health certificates are being kept in Reebok's files	

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<b>7. Freedom of Association and Collective Bargaining</b>							
Grievance Procedure		Factory did not have any internal complaint or grievance system.		Factory must develop a grievance system that can be used by workers to report problems or abuses. This system must allow for free worker participation. Please submit to Reebok a detailed description of the grievance system.	An internal complaint box has been installed in the factory for worker use to report problems. The complaint box will be emptied daily and problems or complaints collected will be reviewed immediately. Additionally, cases will be reported to senior management. Factory also provided a grievance hotline run by the personnel department. Any types of abuse can be reported directly to the management through an internal number, face to face meetings can also be arranged. Notice of this service has been posted in the production and dormitory areas.	Reebok obtained copies of the notice to workers regarding the complaint box and grievance hotline, which are maintained in Reebok's internal files.	The factory suggestion box is up and running. Factory management have received a few letters from workers through the suggestion box. One of the complaints they received had to do with an incorrect calculation of piece rate wages. An investigation was made, and when it was determined that the worker was correct and was owed wages, and the changes to the calculations and payment were made. Other complaints had to do with dorm food, and this issue is currently being investigated.  In addition to the suggestion box, the factory has established a worker-management committee with worker representatives. They are in the process of filling the committee's positions, with workers voting for the worker representatives on the committee.  Reebok will continue to work with the factory to help the new worker committees as needed, and to determine whether workers can continue to use the established grievance procedures over time, without suffering any adverse consequences for reporting problems.
<b>8. Wages and Benefits</b>							
Insurance	According to Article 73 of the Labor Law of the People's Republic of China: Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances:(1) retirements;(2) illness or injury;(3) disability caused by work-related injury or occupational disease;(4) unemployment; and(5) child-bearing. The survivors of the insured laborers shall be entitled to subsidies for survivors in accordance with the law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance amount that laborers are entitled to, must be timely paid in full. In accordance with the <b>FLA Workplace Code Provision on 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.	Only 400 out of 650 workers participated in industrial injury, unemployment, medical and pension insurance respectively. No one participated in maternity insurance and no updated testimonial was available.	Per document review	Factory must provide Accident Insurance to every worker. With respect to the unemployment, medical and pension insurance, factory must submit to Reebok a copy of the social insurance certificate obtained from Nanlang Labor Bureau.	Factory provides Accident Insurance to all workers.	Reebok obtained a copy of the social insurance certificate from the Nanlang Labor Bureau, which is being maintained in Reebok internal files.	Reebok will monitor continued compliance through regular audits.
Timely Payment of Wages	According to Article 9 LMI [1994] Provisional Regulations on Payment of Wages: Wages must be paid at the time when workers rescind or terminate labor contracts. In accordance with <b>FLA Benchmarks, VII. Wages and Benefits, Hours of Work, and Overtime Compensation</b> : All compensation shall be paid in a timely manner.	When rescinding or terminating labor contracts, wages will be withheld for one month.	Per document review and employee interviews.	Factory must comply with Article 9 LMI {1994} Provisional Regulations on Payment of Wages which states that all earned wages must be paid at the time when workers rescind or terminate labor contracts.	Wages are now paid in full at the time when workers terminate or rescind their contract.		Reebok will verify payments of all wages owed during its internal audit scheduled later this year, via records review and worker interviews.
<b>9. Hours of Work</b>							
Excessive OT	According to Article 41 of the Labor Law of the People's Republic of China: Under the precondition that the physical health of laborers is ensured, overtime shall not exceed 3 hours in a day and 36 hours in a month. Per the <b>FLA Workplace Code provision on Hours of Work</b> : 1.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 hours were as high as 86 hours in May 2002.	Per document review and employee interviews.	Reebok standards state that "workers shall not be required to work more than 60 hours per week, including overtime, except in extraordinary circumstances." Factory must ensure that worker hours do not exceed this limit. Additionally, factory must submit a detailed plan on how it intends to further reduce working hours.	The factories working hours have now been reduced to 60 hours per week, with 40 hours at normal rate, 10 hours at 150% rate and 10 hours at 200%.	Piece rate and monthly rate pay slips have been provided to Reebok, to verify compliance with reduced working hours. Reebok will continue to monitor this issue.	Reebok will return to the factory this year to review production records, payroll records, and speak to workers to ensure compliance with working hour limits.

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<b>10. Overtime Compensation</b>							
Incorrect wage rate for OT	<p>According to Article 44 of the Labor Law of the People's Republic of China : In any of the following cases, employing units shall pay laborers wages higher than their wages during the normal working time according to the following standards: (1) Payment of a wage remuneration of no less than 150% of the wages, if the extended working time of laborers is assigned; (2) Payment of a wage remuneration of no less than 200% of the wages, if the laborers are made to work during rest days and cannot make up the lost rest; (3) Payment of a wage remuneration of no less than 300% of the wages, if the laborers are made to work on statutory holidays. In accordance with the <b>FLA Workplace Code Provision on 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.</p>	There was no overtime premium for some piece rate and monthly rate workers.	Per document review and employee interviews.	Factory must comply with Article 44 of the Labor Law of the People's Republic of China which states that in any of the following cases, employing units shall pay laborers wages higher than their wages during normal working time according to the following standards: 1) Payment of a wage remuneration of no less than 150% of the wages, if the extended working time of laborers is assigned; 2) Payment of a wage remuneration of no less than 200% of the wages, if the laborers are made to work during rest days and cannot make up the lost rest; 3) Payment of a wage remuneration of no less than 300% of the wages, if the laborers are made to work on statutory holidays. Factory must communicate the overtime rate policy to workers in writing.	The overtime rate policy is now included in the employee regulation sheet. This policy is also posted in the production floor and dormitory.	Copy of the policy, and pictures of the posting are being maintained in Reebok's internal files.	Reebok will continue to monitor the factory's compliance through regular audits.