

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

What is a Tracking Chart?

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

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

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

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

- A pass or fail evaluation

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

- A one-time event

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

Note on Language

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

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

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

Instructions for Printing

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

FLA Audit Profile	
Country	China
Factory Code	07001535A
IEM	Intertek Testing Services Hong Kong Ltd.
Date of monitoring visit	10-Dec-01
Duration of IEM Evaluation	7 Days
Participating Company(ies)	NIKE, Inc.
Number of Workers	8670
Products	Footwear

FLA Code	FINDINGS		REMEDATION
	FLA Compliance Benchmarks or Legal Reference	Monitor Findings	
1. Code Awareness			
2. Forced Labor			
Employment terms	In accordance with PRC Labor Law article 32 , a laborer may notify at any time the employing unit of his decision to revoke the labor contract within the probation period. As per FLA Benchmarks, I.B. Forced Labor: All workers will have the right to enter into and to terminate their employment freely.	During the interview, some of the workers stated that no termination was allowed within the probation period.	Note to the reader: Nike has submitted a remediation plan for this factory in accordance with its reporting obligations under the FLA. We have these details on file at the FLA. However, on account of concern about the ruling of the California Supreme Court in <i>Kasky v. Nike</i> , Nike has requested the FLA not to publish Nike's statements on its remediation. The FLA is honoring this request and postponing publication of Nike's remediation plans pending clarification by the U.S. Supreme Court of the <i>Kasky</i> ruling. This does not suspend Nike's obligations to submit updated remediation plans to the FLA. The FLA continues to perform due diligence on the remediation activities undertaken by Nike. We intend to publish Nike's information on its remediation efforts, consistent with the US Supreme Court's decision, once it is issued. A decision is expected before the end of the Supreme Court's current term in June 2003.
Probation Period	1.) In accordance with to Opinion of the Ministry of Labor on Several Questions concerning the Implementation of Labor Contract System article 3. i. Length of labor contract below 6 months, duration of probationary period shall not exceed 15 days; ii. Length of labor contract above 6 months but below one year, duration of probationary period shall not exceed 30 days; iii. Length of labor contract above one year but below two years, duration of probationary period shall not exceed 60 days. Per FLA Benchmarks IB. Forced Labor: Employers will maintain sufficient hiring and employment records to demonstrate and verify compliance with this Code provision.	It was noted that the probationary period was 3 months, while the term of employment was 2 years.	
3. Child labor			Background on pending Supreme Court case Under a California law, Nike was sued for statements it made in 1997-1998 in response to criticism of labor conditions in factories producing Nike products in Southeast Asia. The lawsuit claimed that Nike's statements amounted to false advertising. Nike challenged the claim by contending that its statements were protected by the Free Speech clause of the First Amendment, given that they were made as part of a public discourse around globalization. The Court did not make a finding regarding the truth or falsity of the statements. That case is now before the U.S. Supreme Court to determine whether the false-advertising lawsuit should be allowed to go ahead, or if it should be dismissed as a violation of the right to free speech.
4. Harassment or Abuse			
5. Nondiscrimination			
6. Health and Safety			
Safety Guards/Belts	In accordance with the Factory Safety and Sanitary Regulations article 32 , hazardous parts like conveyor belt, gear, abrasive wheel, flywheel, sewing machine, etc., shall be equipped with protective devices. As per FLA Benchmarks, V.B. Health and Safety: All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	It was noted that some of the sewing machines in stitching section were not equipped with belt cover.	
Sanitation	In accordance with PRC Food Hygiene Law Article 27 , establishment of food manufacturer must apply for certificate of hygiene from Hygiene administrative department. As per FLA Benchmarks, V.B. Health and Safety: 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.	It was noted that hygiene certificates for all canteens had been expired.	
Fire Safety/Fire Extinguishers	In accordance with the PRC Fire Service Law article 14(5) , enterprises and business units shall be responsible for the installation of appropriate fire service equipment and facilities, post the fire safety signs and arrange regular inspections and maintenance to ensure all the equipment and facilities can function properly and are in good condition. As per FLA Benchmarks, V.B. Health and Safety: 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.	It was noted that i. no fire extinguisher was installed in all canteens. ii. 2 fire extinguishers located in the 1/F of CMP section were found malfunction (low pressure).	
PPE	In accordance with the Factory Safety and Sanitary Regulations article 76 , factory should provide personal protective equipment to workers who expose to hazardous workplace. As per FLA Benchmarks, V.B. Health and Safety: 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.	It was noted that no ear plugs and goggles were provided in the CMP section and the crushing machines in IPP section respectively.	

		FINDINGS		REMEDATION
FLA Code	FLA Compliance Benchmarks or Legal Reference	Monitor Findings		
7. Freedom of Association and Collective Bargaining				
8. Wages & Benefits				
Pay Day	In accordance with Labor Contract 4.2, the pay day is before 20th of each month. As per FLA Benchmarks, Wages and Benefits: All compensation shall be paid in a timely manner.	During the interview, some of the workers stated the pay day was between 26th - 28th of each month.		<p>Note to the reader: Nike has submitted a remediation plan for this factory in accordance with its reporting obligations under the FLA. We have these details on file at the FLA. However, on account of concern about the ruling of the California Supreme Court in Kasky v. Nike, Nike has requested the FLA not to publish Nike's statements on its remediation. The FLA is honoring this request and postponing publication of Nike's remediation plans pending clarification by the U.S. Supreme Court of the Kasky ruling. This does not suspend Nike's obligations to submit updated remediation plans to the FLA. The FLA continues to perform due diligence on the remediation activities undertaken by Nike. We intend to publish Nike's information on its remediation efforts, consistent with the US Supreme Court's decision, once it is issued. A decision is expected before the end of the Supreme Court's current term in June 2003.</p>
9. Hours of Work				
Excessive Hours of Work	As per the FLA Workplace Code provision on Hours of Work: 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.	1.) The factory applied Comprehensive Calculation of Working Hours System in a period from 10th November 2000 to 9th November 2001. The legal overtime hour was 432 hours in that period. However, it was noted that the actual overtime hours was between 572 - 811 hours in the mentioned period.		<p>Background on pending Supreme Court case Under a California law, Nike was sued for statements it made in 1997-1998 in response to criticism of labor conditions in factories producing Nike products in Southeast Asia. The lawsuit claimed that Nike's statements amounted to false advertising. Nike challenged the claim by contending that its statements were protected by the Free Speech clause of the First Amendment, given that they were made as part of a public discourse around globalization. The Court did not make a finding regarding the truth or falsity of the statements. That case is now before the U.S. Supreme Court to determine whether the false-advertising lawsuit should be allowed to go ahead, or if it should be dismissed as a violation of the right to free speech.</p>
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Poor Record-Keeping	In accordance with FLA Benchmarks, VII.B. Hours of Work : Accurate and reliable payroll reporting, including pay stubs will be provided. 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.	During the interview, some workers stated that i.) overtime hours were not recorded if overtime hours exceed 36 hours in a month. ii.) time cards only recorded 1 hour overtime if they worked 2 hours overtime.		
Forced Overtime	1.) In accordance with Notice of the Ministry of Labor, Ministry of Public Security and the All-China Federation of Labor Unions Concerning Strengthening Labor Management in Foreign Investment Enterprises and Private Enterprises and the Effective Safeguarding of the Legal Rights and Interests of Workers - Ministry of Labor Document No. 118 article 4, where an enterprises forces employees to work overtime shifts or overtime hours in violation of State regulations, an employee may refuse to do so.	During the interview, some of the workers stated that they were difficulty to get approval for no overtime work.		
10. Overtime Compensation				