

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 | Bangladesh / Dhaka EPZ |
| Factory name | 12020521A |
| IEM | Phulki |
| Date of audit | 5-Feb-02 |
| Duration of IEM Evaluation | 13 days |
| PC(s) | NIKE, Inc. |
| Number of workers | 3362 |
| Product(s) | caps |

| FLA Code/ Compliance issue | Findings | | | Best Practice | Remediation PC remediation plan |
|--|---|--|---------------|---|---|
| | Benchmark or legal reference | Phulki's Findings | Documentation | | |
| 1. Code Awareness | | | | | |
| Improve Workers' Code Awareness | Per FLA Principles of Monitoring, Obligations of Companies: 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. | Workers awareness of Codes is poor and posters on Codes displayed in the factory are hardly read due to the low level of education. Trainings adopted by factory appear to have little effect on workers understanding of the Codes. | | | 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. |
| 2. Child Labor | | | | | |
| Best Practice | | | | Child Labor: All workers appeared to be 18 years or above age is verified as per available information. | 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. |
| 3. Forced Labor | | | | | |
| Best Practice | | | | Forced or Prison or prison labor: No evidence of any forced or prison labor. | |
| 4. Harassment or Abuse | | | | | |
| 5. Nondiscrimination | | | | | |
| 6. Health and Safety | | | | | |
| Best Practice | | | | Health & Safety: High standard of health & safety measure. | |
| 7. Freedom of Association and Collective Bargaining | | | | | |
| EPZ Allows No Unions | Per FLA Workplace Code Provision Freedom of Association and Collective Bargaining: Employers will recognize and respect the right of employees to freedom of association and collective bargaining. Benchmarks B.1. Workers will have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment. | NOTE by Monitor: Export processing zone authorities do not allow any Trade Unions/ CBAs/ grouping. | | | |
| 8. Wages and Benefits | | | | | |
| Best Practice | | | | Wages & Benefit being way higher than what is legally required. | |
| 9. Hours of Work | | | | | |
| 10. Overtime Compensation | | | | | |
| MISCELLANEOUS | | | | | |
| | | Per Audit Instrument Section 7A.1 "The factory is one of the best factories in Bangladesh." | | | |