

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 name | 12001548B |
| IEM | SGS |
| Date of audit | June 17-18, 2003 |
| PC(s) | Reebok |
| Number of workers | 293 |
| Product(s) | Embroidery & printing label |
| Production processes | Cutting, printing, woven label, trimming, hand beading and embroidery |

| FLA Code/ Compliance Issue | Benchmark or legal reference | Monitor's Findings | | | PC remediation plan | Target Completion Date | Remediation | | | | Updates | |
|--|---|---|---|---------------|--|--------------------------------|---|---------------|--|---|---|---|
| | | Documentation | Best Practice | Documentation | | | Completion Date | Documentation | PC Follow-Up & Verification | Company Follow up (July 2004) | Documentation | |
| 1. Code Awareness | | | | | | | | | | | | |
| 2. Forced Labor | | | | | | | | | | | | |
| 3. Child Labor | | | | | | | | | | | | |
| 4. Harassment or Abuse | | | | | | | | | | | | |
| 5. Nondiscrimination | | | | | | | | | | | | |
| 6. Health and Safety | | | | | | | | | | | | |
| 7. Freedom of Association and Collective Bargaining | | | | | | | | | | | | |
| Other | | No worker's union was established at the factory. | Review documentation and interview with management and workers. | | Reebok requires that factories have internal systems for resolving workplace disputes that ensure worker participation. In order to guarantee that workers who report on problems do not suffer negative consequences, Reebok also requires that factories adopt and communicate a non-retaliation policy. We ask that the factory submit a written plan for such a problem-solving mechanism that takes in to consideration Reebok's "Basic Guidelines for Factory Problem-Solving Mechanisms," or demonstrate how the current worker committee fulfills Reebok requirements. | 25-Jul-03 | Factory established an internal problem-solving grievance system, that allows workers to voice their concerns with factory management. System was communicated to all employees by written notice. Factory posted basic guidelines on the complaint system, communication process, and complaint handling in the factory. | 24-Jul-03 | A copy of the internal problem-solving system notice was submitted to Reebok as verification, and is maintained in Reebok's internal files. | Reebok's monitor reviewed the newly established "Workers Complaint System", and found it satisfactory. The guidelines explain the complaint content, reporting channels, complaint handling and documentation. Reebok's monitor will continue to work with the factory to determine whether the system is properly functioning. | On July 13, 2004, Reebok's monitor conducted an audit in the factory. Based on document inspection, management interview and workers interview, the internal problem solving system is functioning. | Workers Complaint System, Workers complaint records etc. |
| 8. Wages and Benefits | | | | | | | | | | | | |
| Inadequate social security program commitment | 100% of total workforce should join the social security program, Clause 70 & 72 of PRC Labor Law. | Only 69% employees was entitled to injure insurance. | Finding from document review on social security program and from interviews with workers. | | (1) Factory must obtain a letter from the applicable local Social Insurance Bureau which explains the types of coverage required and the number of workers required to be covered. (2) Once obtained, factory should submit to Reebok a copy of this letter. Factory must then abide by the terms of the Social Insurance Bureau letter, and provide Reebok with payroll records showing payments made to workers complying with the letter's terms. | (1) 25-Jul-03 (2) 15-Aug-03 | Factory has obtained a certificate from the local social insurance bureau, stating that the factory has participated in Social Insurance Program in compliance with the Shen Zhen Social Insurance Provisions. Factory has also obtained payment invoices showing proof of payment for 3 months since the issue date, July 22 '03. The factory has also begun to go beyond the local requirements for benefits by providing accident insurance, and will be extending this to include retirement and medical insurance as well in the future. | 22-Jul-03 | Copies of the paperwork from the local insurance bureau were submitted to Reebok as verification, and are maintained in Reebok's internal files. | Factory received certification from the local social insurance bureau on July 22 '03, which demonstrates that the factory is participating in the social insurance program according to their requirements. Copy of the certificate was provided to Reebok's monitor, who confirmed the authenticity of the letter. Reebok's local monitor will continue to monitor the factory to determine ongoing compliance with the social insurance requirements. | On July 13, 2004, Reebok's monitor conducted an audit in the factory, and found the factory has fallen out of compliance with Reebok's social insurance requirements. Factory provided working accident insurance for all workers, but only provided retirement insurance, medical insurance, unemployment insurance and maternity insurance for 6 out of all 295 workers. Factory did not obtain an updated certification from local insurance bureau to demonstrate continued compliance to local requirements regarding the participation percentage and type of insurance provided. Reebok's local monitor will continue to monitor the factory to determine ongoing compliance with the social insurance requirements. | Invoice of insurance fee of June |
| 9. Hours of Work | | | | | | | | | | | | |
| Exceeding maximum legal monthly work hours | Not exceeding 40 normal work hours per week and 36 overtime hours per month, Clause 41 of PRC Labor Law, Clause 3 of The State Council Provisions on Working Hours. | Based on the time record, the total number of working hours was about 55 hours per week, and the number of overtime working was about 60 hours per month. Although it was in compliance with the code of FLA, which stated that the overtime working hours should be under 12 hours per week and total working hours under 60 hours per week. However, as per the labor law requirement, the overtime working hours should be under 36 hours per month. | Finding from time record and worker interview. | | Working hours in apparel factories in China typically exceed limits established by Chinese law. Reebok's ability to influence these working hours is limited by the fact that factories have multiple buyers. Reebok is engaged in a two pronged strategy to address the working hours issue: A) requiring that apparel factories limit working hours to 60-hours/week, and B) collaborating with other buyers to obtain commitments for further overtime reductions. We are not aware of efforts by Chinese government authorities to enforce legal working hours requirements. | | | | | Reebok's monitor will continue to monitor the factory to determine ongoing compliance with Reebok's working hour standards. | On July 13, 2004, Reebok's monitor conducted an audit in the factory. Based on time records, workers worked about 55 hours per week, which is within the Reebok's limitation of working hours. | Time records from July 2003 to May 2004, production records |
| 10. Overtime Compensation | | | | | | | | | | | | |