

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 Monitoring Visit Profile	
Country	China
Factory name	12001546B
IEM	SGS
Date of audit	Julv 10~11, 2003
Days in the facility	Julv 10~11, 2003
PC(s)	Reebok
Number of workers	851
Product(s)	Shorts, T-shirts
Production processes	Cutting, Sewing, Ironing, Finishing, Packing

FLA Code/ Compliance Issue	Legal Reference	Findings FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation Plan	Target Completion Date	Remediation			Updates		
								Factory Response	Completion Date	Documentation	PC Follow-up & Verification	September 2004 update	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													
8. Wage and Benefits													
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													
Minimum Wage	Minimum wage must be provided for employees. Clause 19 of Minimum Wage Provision and Clause 48 of China Labor Law.	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher	There were discrepancies between the handwritten production records/the handwritten attendance records and computer time records provided by factory from February to April 2003. There was lack of evidence to demonstrate that the factory had provided adequate minimum wage for workers. For example: (Day/month/year), Factory provided computer time records. The handwritten production records of team C at knitting workshop from February to March 2003 (the handwritten attendance records of overtime hours at finishing workshop in April 2003, 26, 28/02/2003, 01/03/2003 8 working hours per day 12 working hours per day 04, 06, 07/03/2003 8 working hours per day 13 working hours per day 09/03/2003 Rest day Working day 02, 03/04/2003 8 working hours per day 11.5 working hours per day.	Finding from production record reviews at workshops, no pertinent attendance records on Sunday (rest day) and some overtime hours of regular workdays were not recorded at computer time card system.		(a) Factory must ensure that (i) all hours worked, including overtime, must be recorded so as to be able to accurately and reliably determine earned wages and hours worked, and that (ii) workers are recording all hours worked themselves through the computer time-keeping system. (iii) Factory must post a policy meeting these requirements in a prominent place inside the factory, in the worker's local language, as well as use other means to communicate the policy to workers. (iv) Please submit to a copy of the policy meeting this requirement, including how the policy was communicated to worker.	31-Aug-03	The factory has implemented a policy to accurately record all hours worked, including overtime, as well as to guarantee minimum wages to all workers. Factory management explained to Reebok's monitor the inconsistencies between the records in this instance. The discrepancies found by SGS were based on a manual production plan for order # C74931 drafted by a new production leader, which was implemented differently than planned. Production records for the order were not updated to reflect the change. A new system for checking documentation has been implemented by the factory to catch these items in the future. However, workers were paid proper wages for these hours (with piece rates often above the minimum wage). Factory management provided to Reebok's monitor workers' piece wages records as verification.	31-Jul-03	Supporting documentation was verified by Reebok's monitor during a follow-up audit of the facility. Reebok's monitors verified the factory's response during a re-audit of the facility, and found the factory's explanation satisfactory. The investigation of the facility included extensive records review and worker interviews on this issue. Worker interviews revealed that workers worked only very few Sundays, with the last instance a day in early July. Workers stated that factory management compensated the Sunday work with a half day rest day on the next Friday, in compliance with the factory's rest-day policy. Worker interviews were cross-referenced with computer attendance records, other production records, and payroll records which confirmed working hours and proper payment of minimum wage (with piece rate wages often higher than minimum wage). Moreover, Reebok's monitor confirmed that workers do record their own working hours by swiping the electrical cards.	Because of expanding of production, the factory owner moved all production to a new bigger factory. Reebok human rights staff audited the new factory on Apr 8 '04 and July 21 '04. Payroll records of July 03 to May '04 were inspected. Documentation review, including payroll and timekeeping records and interviews with workers and management reflect that any problems are being found by the factory and corrected. Personnel staff at the factory has been turning a "monthly working time verification process" to avoid any potential inaccuracies on working time records and wages calculation that may be caused by computer trouble or employee mistakes.	Payroll records and production records and monthly working time verification records reviewed.	
						(b) Factory must ensure that workers have been paid for all hours worked. Factory must therefore investigate production records, attendance records, and payroll records from January 2003 to present, to determine whether workers are owed any regular and/or overtime wages, and provide retroactive payment to all workers owed wages. Please submit to Reebok (i) the name of the individual in charge of this investigation, (ii) a list of all workers who are owed wages, and (iii) copies of payroll records demonstrating wages were retroactively paid to each of these workers.		Moreover, the computer time recording system was corrupted and resulted in the loss of some workers' data. Normally, workers record their own working hours using swipe cards, but with the system down, actual working hours were recorded in manual attendance sheets in this instance. In this instance, sheets were not provided to the personnel department for wages calculation. After an investigation of missing wages, factory management paid back any underpayments to those workers whose hourly wages (based on correct working hours) were higher than his pieces wages. Management has been instructed to turn any manual sheets to personnel, should the electronic system be down in the future.					
Legal benefits	100% of total workforce should join the social security program, Clause 70 & 72 of PRC Labor Law.	Employers will provide all legally mandated benefits to all eligible workers	Records showed that pension, injury, unemployment, medical and maternity insurance were provided for 51 employees only (6% of 851 employees).	Finding from document review on social security program and from interviews with workers		Factory must provide all legally mandated benefits to all eligible workers, as determined by the applicable local social insurance bureau. (a) Factory must obtain from the local social insurance bureau a certified document explaining the percentage of the factory's workforce which must be covered, which workers are eligible for benefits and as of which dates, and the type of benefits which must be provided. Please submit to Reebok a certified copy of the local insurance bureau's response. (b) Factory must then comply with the obligations mandated by the local social insurance bureau moving forward. Moreover, factory must investigate internal records to determine whether any workers are owed benefits as outlined by the bureau, and if so, provide retroactive payment of all benefits owed. Please submit to Reebok (i) a list of all workers who are owed benefits, and (ii) copies of payroll records demonstrating retroactive payment of benefits owed.	15-Sep-03	Factory requested, from the local insurance bureau, clearly defined requirements as to the type of benefits to be offered, and the number of workers to be covered. Factory management received this letter in early November and has forwarded the letter to Reebok for review.	15-Sep-03	Copy of social insurance bureau's letter was submitted to Reebok as verification, and is maintained in Reebok's internal files.	Factory provided the letter obtained from the local social insurance authority. While it lists the factory's requirements as to the type of benefits to be offered, and the number of workers to be covered, it does not provide proof that the factory has participated in China Social Insurance Program in compliance with legal/local requirements. Reebok's monitor will continue to work with the factory to ensure the factory obtains the necessary documentation from the local insurance bureau, and to determine future compliance with its terms.	(Following up audits on Apr 8 '04 and June 22 '04.) The factory received the latest verification letter on June 2 '04 from the local social insurance authority. The verification letter states the factory participated in China Social Insurance Program with approved numbers of participants.	Local government's verification letters and payment invoice of social insurance.

Findings						Remediation						Updates	
FLA Code/ Compliance Issue	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Remediation Plan	Target Completion Date	Factory Response	Completion Date	Documentation	PC follow-up & Verification	September 2004 update	Documentation
9. 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 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 Limitations	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.	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. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	Findings from interviews with workers and attendance records of April and July 2003. workers in weaving workshop worked 7 consecutive days from 04th to 10th of April 2003, workers in knitting workshop worked 11-13 consecutive days from 04th to 14th and from 14th to 26th of April 2003 and workers in packing workshop worked 9 consecutive days from 01st to 09th of July 2003.	Finding from attendance record reviews and interviews with workers.		Working hours in apparel factories in China typically exceed limits established by Chinese law. We are not aware of efforts by Chinese government authorities to enforce legal working hours requirements. 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. Although factory arranged compensated rest days for the excessive overtime within 14 days, rest days are not enough to comply with Reebok's working hours standards. Workers shall not work more than 60 hours per week, including overtime, except in extraordinary circumstances (such as natural disasters, political upheaval, or mechanical failures), and shall a rest day in every seven day period. Adherence to this standard is a sign that factory management efficiently organizes its production planning and workflow. P per week and rest day standards.	14-Aug-03	The extra hours in this instance were due to unanticipated changes to peak production. The truth was some workers worked for consecutive 13 days at maximum and another workers worked for consecutive 11 days at maximum. However, the factory maintained within the 60 hours limits except for one worker. Factory has a policy to not exceed 60 hours per Reebok's standards, except in extraordinary circumstances, and with the prior approval of Reebok. Factory will also, from now on, implement a one day off in every seven day period policy for workers.	05-Sep-03	Supporting documentation was verified by Reebok's monitor during a follow-up audit of the facility.	Reebok's monitors verified the factory's working hour and payroll records for the peak production months during a re-audit of the facility, and found the factory's explanation satisfactory. Reebok will continue to work with the factory to determine ongoing compliance with the working hours and rest day standards.	Reebok's monitor conducted a following up audit on Apr 8 '04 and July 21 '04, and has found that the factory has been complying with "one day in seven off" policy since Aug '03. time records of Aug '03 thru July '04 reviewed. All Sundays were off, except for 2 cases where all workers or some workers worked for consecutive 10 days. On these two occasions, the factory had shifted the rest day due to the local government's electricity suspending program. However, the factory did provide an alternate rest day within the seven day period. From 2004 on, in order to cope with the local government's limited electricity power supply arrangement, factory reset weekly rest day every week, like Saturday for Q1, Sunday for Q2, Monday for Q3, Tuesday for Q4. But, it was	Working time records and production records, the local government's notice on electricity power suspending and the respective factory internal notice.
			There were discrepancies between the handwritten production records/the handwritten attendance records and computer time records provided by factory from February to April 2003. There was lack of evidence to demonstrate that the worker's working hours per week were less than 60 hours. For example: (Day/month/year) Factory provided computer time records. The handwritten production records of team C at knitting workshop from February to March 2003 the handwritten attendance records of overtime hours at finishing workshop in April 2003. 26, 28/02/2003, 01/03/2003 8 working hours per day 12 working hours per day 04, 06, 07/03/2003 8 working hours per day 13 working hours per day 09/03/2003 Rest day Working day 02, 03/04/2003 8 working hours per day 11.5 working hours per day	Finding from production record reviews at workshops and no pertinent attendance records on Sunday (rest day) and some overtime hours of regular workdays were recorded at computer time card system.		Please note the requirements below regarding recording of all hours worked, including overtime, and the proper payment of overtime wages below.						See Above.	See Above
10. Overtime Compensation													
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.													
Accurate recording of OT hours worked?	150% of normal wage at extended work hours on weekdays; 200% on Sundays and 300% on Statutory Holidays, Clause 44 of PRC Labor Law	Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work	There were discrepancies between the handwritten production records/the handwritten attendance records and computer time records provided by factory from February to April 2003. There was lack of evidence to show that the factory has provided for workers with legal overtime premium. For example: (Day/month/year) Factory provided computer time records. The handwritten production records of team C at knitting workshop from February to March 2003 the handwritten attendance records of overtime hours at finishing workshop in April 2003. 26, 28/02/2003, 01/03/2003 8 working hours per day 12 working hours per day 04, 06, 07/03/2003 8 working hours per day 13 working hours per day 09/03/2003 Rest day Working day 02, 03/04/2003 8 working hours per day 11.5 working hours per day	Finding from production record reviews at workshops and no pertinent attendance records on Sunday (rest day) and some overtime hours of regular workdays were recorded at computer time card system.		(a) Please note the policy requirement stated under wages, that workers must record their own hours, and record all hours worked, using an accurate and reliable time-recording system. (b) Factory must ensure that workers have been paid the appropriate overtime rate for all overtime hours worked. Factory must therefore investigate production records, attendance records, and payroll records from January 2003 to present, to determine whether workers are owed any overtime wages, and provide retroactive payment to all workers owed overtime wages. Please submit to Reebok (i) the name of the individual in charge of this investigation, (ii) a list of all workers who are owed overtime wages, and (iii) copies of payroll records demonstrating that the appropriate overtime wages were retroactively paid to each of these workers.	31-Aug-03	Please note the response above. Workers do record at hours they work, by swiping their cards using an electronic time-keeping system. In instances when the system down, working hours are recorded in manual attendance sheets. Factory has been paying overtime hours strictly following Chinese labor law. For instance, workers were paid the higher premium wage (double of normal wages) for work on Sundays.		Supporting documentation was verified by Reebok's monitor during a follow-up audit of the facility.	Reebok's monitors verified that workers have been paid the appropriate wages for overtime during a re-audit of the facility. Worker interviews were cross-referenced with computer attendance records, other production records such as material distribution records, and payroll records which confirmed working hours and proper payment of wages (with piece rate wages often higher than minimum wage).	See above	Payroll records and production records reviewed. The monthly working time verification records.
OT Compensation		The factory shall comply with applicable law for premium rates for overtime compensation											
Miscellaneous													