

*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 IEM Profile	
Country	Thailand
Factory name	07007465B
IEM	Kenan Institute Asia
Date of audit	July 23-24, 2003
Days in the facility	2
PC(s)	NIKE, Inc.
Number of workers	2,763
Product(s)	Footwear
Production processes	Cutting, Stitching, Sole, Assembly, Finishing, QA, Packing
Other brands in factory	

FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Findings			Remediation				Updates		
			Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	PC follow up	Documentation	PC follow up	Documentation
<b>1. Code Awareness</b>												
Code posting/information		<b>FLA Principles of Monitoring, Obligations of Companies:</b> Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.			The Nike codes of conduct have been posted at several workplaces and presented in orientation process clearly.							
Worker/management awareness of Code		<b>FLA Principles of Monitoring, 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.	The management is aware of the Nike code of conduct but from the worker interview process, it was found that some workers do not understand it clearly. They understood that the context of the code is about quality awareness.			Factory must provide Code of Conduct training to workers.	31-Oct-03	CoC training will be provided to workers. Supervisors shall conduct the training to the workers during the monthly meeting. PC Code of Conduct will be posted on the bulletin board.	Follow up visit in early November to check on completion.		Jan 2004 Update: Completed. Factory has conducted training for workers on the code awareness.	See attachment : 1Trn CoC.max
<b>2. Forced Labor</b>												
Confiscated Original documentation		Workers will retain possession or control of their passports, identity papers, travel documents or any other personal legal documents. Employers will not retain them to restrict workers' access to their personal identification documents, or to ensure that workers will remain in employment in the factory. Employers may obtain copies of original documents for record-keeping purposes			The company keep only copy of documents							
<b>3. Child Labor</b>												
<b>4. Harassment or Abuse</b>												
<b>5. Nondiscrimination</b>												
Hiring Discrimination Practices	LPA: Chapter 1, Section 15: The employer shall treat male and female employee equally in the employment, except where the nature or conditions of the work does not allow the employer to do so.	Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement	We found that in job advertisement there was discrimination towards age and gender.	From the job ad of the production officer the age of candidates is specified as between 18-28 and for the position of production engineer only males are requested to apply.		Factory must not post job advertisement that discriminate for age and gender.	Oct-31-03	Factory will no longer post job advertisement that specify age and gender.	PC shall conduct a follow up visit in early November 2003 to check on completion.		Jan 2004 Update: Completed. Factory has removed the discriminatory requirement from the job posters.	See attachment: 2 Job poster.JPG and 2 Job poster.MAX
Pregnancy Testing		Employers will not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	Worker interviews and medical certificate of some workers showed that the company asked and used pregnancy tests as a condition of hiring. But in the closing meeting, [Management] explained that in the past the company did use the pregnancy test during the hiring process but it has stopped doing that for some time. In this case, we recommended them to improve their communication to the workers and the applicants.	Medical certificate in personnel file of some workers indicated pregnancy status of the applicant.		Factory must not use pregnancy tests as a condition of hiring and must communicate this to job applicants.	31-Oct-03	Factory will not use pregnancy testing as part of the hiring process and will communicate this to job applicants.	PC shall conduct a follow up visit in early November 2003 to check completion.		Jan 2004 Update: Completed. Have verified through worker interviews and worker files that pregnancy testing is not being done during the hiring process.	See attachment : 3 Policy preg test.max
Pregnancy Risk		Employers will ensure that pregnant women are not engaged in work that creates substantial risk to the health of the pregnant woman.			The company has provided maternity rooms and lighter or low risk jobs for pregnant workers.							

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<b>6. Health and Safety</b>												
Fire Safety Health and Safety legal compliance		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			Safety officer is appointed to stand by during the night shift. Photo of the leader in evacuation activity is posted.							
Evacuation Procedure	Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety, Chapter 1: General Requirement, Clause (4)	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	The factory doesn't have evacuation and fire fighting plan for dormitory. The factory emergency plan is lacking critical fire fighting plan and rehabilitation & compensation plan after the fire.	Operation Handbook for factory crisis management	Pictorial note posted in the place of operation showing the photo and name of leader in the evacuation process, including the staff who leads the workers to escape from the building in fire with a flag.	Factory must have an evacuation and fire fighting plan for dormitory which includes rehabilitation and compensation plan after a fire.	Oct-31, 03 to Dec 03	The factory will have evacuation and fire fighting plan in December. Plan will include rehabilitation and compensation plan after a fire.	PC to follow up on this issue during Oct-Dec 2003 period to check completion.		Jan 2004 Update: Factory has developed an emergency and fire fighting plan for both dormitory and production areas. However, this does not meet compliance standards. PC has asked them to conduct the fire drill in the dormitory area separately. PC will follow up on this issue by March 2004 to check that this is being done as per the recommendation.	
Safety Equipment	Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety, Chapter 3: Fire Extinguishing, Clause (3B), Notifications of Ministry of Interior, RE: Safety at Work in Work Related to Electricity.	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	The factory doesn't keep fire extinguisher inspection record in place for future check by the concerned parties such as government and labor standard compliance auditor. The emergency light in some areas is not functioned. Missing of the cover of the electrical switch/plug	Inspection tag for fire extinguisher	Extraordinary fire protection equipment such as sprinkler, smoke detector, alarmed-fire door is installed.	Factory must maintain fire extinguisher inspection records. Emergency lighting must function. Electrical switch/plug identified during the audit must have a cover.	10-Sep-03	Factory added the inspection fire extinguisher record to the record form of ISO 9001. Provided the emergency light and fixed the electrical switch.	Completed. Please see attached photos and documentation regarding emergency light, fire extinguisher inspection, and electrica switch.			
PPE		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.	Most of sewing operators and some workers who deals with chemicals do not wear the mask.		PPE for fireman is provided.	Sewing operators and workers who use chemicals must wear masks.	Oct-15-03	Factory will provide masks to sewing operators and workers who use chemicals.	PC to follow up on this issue early November to check completion.		Jan 2004 Update: Completed. Factory has provided mask and training on proper PPE use for sewing workers and workers who are stationed in the chemical area.	See attachment: 4 PPE .JPG
Chemical Management	Notifications of Ministry of Interior, Notification of Ministry of Interior, RE: Safety at Work in Work related to hazardous Chemicals, Chapter 1: Working with Hazardous Chemical, Clause 13.	All chemicals and hazardous substances should be properly labeled and stored in accordance with applicable laws. Workers should receive training, appropriate to their job responsibilities, in the safe use of chemicals and other hazardous substances	The factory doesn't provide emergency shower or eye wash basin in the area of chemical distribution (chemical building)		Pictorial SSOP and WI for dealing with harmful chemicals such as task in assembly line. Good waste management system and chemical spillage response and preparedness.	Chemical distribution area of the chemical building must have an emergency shower or eye wash basin.	Oct-31-03	Factory will install the emergency shower/eye wash basin in front of the chemical distribution area.	PC to follow up on this issue early November to check completion.		Jan 2004 Update: Completed. Factory has installed emergency eye wash and shower stations.	See attachment: 5 Emer eye wash.JPG and 5 Emer eyewash1.JPG
Chemical Management for Pregnant women and juvenile workers		To prevent unsafe exposure to hazardous chemicals, appropriate accommodations shall be made for pregnant women and minors as required by applicable laws in a manner that does not unreasonably disadvantage employees			The pregnant worker is provide a mother room for working, which is not related to hazardous chemical and the working time may be about half day if there was no serious production.							
Record Maintenance	Notifications of Ministry of Interior, RE: Safety at Work Related to Fire Prevention and Protection of Workplace for Employee's Safety.	All safety and accident reports shall be maintained for at least one year, or longer if required by law	The inspection record for fire extinguisher is not kept for one year as per FLA charter. It was taken by the supplier.	Inspection record of fire extinguisher		Factory must keep record of fire extinguisher inspection for at least one year.	Sep-10,03	Added the inspection fire extinguisher record to the record form of ISO 9001.	Completed. Please see attachment on fire extinguisher record.			
Machinery Maintenance	Notification of the Ministry of Interior, RE: Safety in the Use of Machinery.	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	The boiler room has only one exit. The needle guard for high speed sewing machine is not installed. D20		Pictorial WI and SSOP for several tasks.	Boiler room must have an additional exit and needle guard for high speed sewing machine must be installed.	31-Oct-03	Factory will install the fire exit in the boiler room and will install needle guards for high speed sewing machines.	PC to follow up on this issue early November to check completion.		Jan 2004 Update: Completed. Exits have been installed.	See attachments: 6 Fire exit boiler rm.JPG , 6 fr ext2.JPG, 6 Fr ext3.JPG
Other					Excellent welfare provided: such as locker, fitness center, aerobic room, wheelchair is provided to the worker							
<b>7. Freedom of Association and Collective Bargaining</b>												

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<b>8. Wages and Benefits</b>												
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law	.		The employer has communicated to the workers about wages, incentive systems, benefits and bonuses during the orientation process							
Wage and Benefits Posting		All notices that are legally required to be posted in a factory work areas will be posted. All legally required documents, such as copies of legal code or law, will be kept at the factory and available for inspection	The company conducted proper orientation for new workers but they did not do a good job of informing wage calculation and benefits. In worker interviews, we found that some of workers do not understand how to calculate their compensation. They find out how much they earn by asking their supervisor daily.	worker interviews		Factory must inform new workers on their wage calculation and benefits.	Oct-31-03	Communication to the worker will be done through bulletin board posting on proper calculation of wages and benefits. PS department is the centre for consultation for any questions relating to wage calculations and any benefits.	PC to follow up on this issue early November to check on completion.		Jan 2004 Update: Completed. Factory has trained workers on proper wage calculation and has posted the sample calculation onto the bulletin board.	See attachments: 7 Wage cal.JPG , 7 Wage cal1.JPG, 7 Wage cal2.JPG
Legal Compliance for holiday/leave	LPA: Chapter 2, Section 32: The employee shall be entitled to take sick-leave for such days as the employee is actually ill. If sick-leave is taken for three or more working days, the employer may require that the employee produce a medical certificate from first class modern physician or from a government clinic. If the employee cannot produce a medical certificate from a first modern physician or from a government clinic, the employee shall give an explanation to the employer.	Workers will be paid for holidays and leave as required by law	In worker interviews, the worker said some of the supervisors have asked for the medical certificate after one day sick leave. We suggested the factory clearly communicate about this legal compliance to all supervisors.	The company rules and regulations said exactly the same as the LPA (records review).		Factory must communicate the sick leave policy to all supervisors.	Oct-31-03	Factory will communicate sick leave policy to all supervisors.	PC to follow up on this issue early November to check completion.		Jan 2004 Update: Completed. Factory has issued a statement of not requiring doctor certificate from workers if they take only one day sick leave.	See attachment: 8 Policy sick leave .max
<b>9. Hours of Work</b>												
Overtime Limitations	LPA, Chapter 2, Section 28: The employer shall let the employee have at least one day per week as a weekly holiday and the interval between each weekly holiday shall not be longer than six days. The employer and employee may agree in advance to fix any day as a weekly holiday.	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	From worker interviews and timesheet records, we found that in the last 12 months, some workers have worked consecutively 7 days without a day off.	Timesheets in December 2002. (From worker interviews, some workers said they have worked on Sunday in the last few months.)		Factory must comply to local labor law regulation of one day off in seven.	Immediate	All departments will monitor their daily production schedule during daily morning meetings and make adjustments to comply to the one day off in seven policy.	October 03: PC verified that factory has issued no Sunday work policy. Please see attachment.	Policy attached.		
Overtime Explanation	LPA, Chapter 2, Section 24: It is prohibited for the employer to require that the employee perform work overtime on a normal working day, except where he/she has received the prior consent from the employee from time to time. In case of where the nature or condition of the work needs continuous performance, otherwise damage would be caused thereto; or is an urgent work; or is other work as prescribed by the ministerial regulations, the employer may have the employees work overtime as necessary.	Employers shall be able to provide explanation for all periods when the extraordinary business circumstances exception has been used. Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances	Worker interviews and voluntary overtime sheets showed that the employer has not explained to the workers properly about the necessity of overtime. The workers feel that it is an ordinary business circumstance.			Factory must communicate the voluntary OT policy to workers.	31-Oct-03	Factory will revise voluntary overtime sheet and its implementation.	PC to follow up on this issue early November to ensure check on completion.		Jan 2004 Update: Completed. Factory has revised the statement of voluntary OT and has included it into the daily wage report.	See attachment: 9 Volun OT.max
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary	The voluntary overtime sheet have not been kept properly for the last 2 years.			Factory must maintain voluntary OT sheet for at least one year.	Oct-31-03	Factory will maintain the OT voluntary sign up sheet for up to one year's time in the file.	PC to follow up on this issue early November to check on completion.		Jan 2004 Update: Completed. Factory will maintain the OT documentation up to one year.	See attachment: 10 OT volun.max
<b>10. Overtime Compensation</b>												
OT Compensation Awareness		Workers shall be informed about overtime compensation rates, by oral and printed means	Overtime calculation has been paid using the ELO system which has covered and complied with applicable law but it is quite difficult for the workers to understand and the factory has not posted the printed means properly.	records review		Factory must post the OT calculation for workers to view.	Oct-31-03	Factory will post the OT calculation for workers to view.	PC to follow up on this issue early November to check completion.		Jan 2004 Update: Completed. Factory has posted the wage calculation together with sample on the bulletin board.	See attachments: 11 Wage cal.JPG , 11 Wage cal1.JPG, 11 Wage cal2.JPG
<b>Miscellaneous</b>												