

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	07001570B
IEM	Kenan Institute Asia
Date of audit	18-Aug-03
Days in the facility	2 days
PC(s)	Nike
Number of workers	7000
Product(s)	footwear
Production processes	Assembly line

FLA Code/ Compliance issue	Findings					Remediation				Updates
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	PC remediation plan	Target Completion Date	Factory Response	PC follow up	Documentation	PC Follow up and Verification
1. Code Awareness										
Confidential non-compliance reporting channel		FLA Principles of Monitoring, Obligations of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	There is a suggestion box at the factory. But workers rarely consider using the suggestion box.	management interviews, worker interviews	Factory must provide training to workers so that they know the purpose of the suggestion box.	Dec-03	Factory has grievance system in place for workers to communicate the complaints / grievances with factory management. Factory will provide worker training on the proper use of the suggestion box through annual training program.	PC to do a follow up visit in Jan 2003 to check that worker training includes the proper use of the suggestion box. Feb 2004 Update: Nike's objective is to strengthen contract manufacturers' internal grievance systems, so that direct involvement by Nike in their employee grievances should be considered a last resort. In alignment with Nike's objective to strengthen contract manufacturers' internal grievance processes, two pilot educational programs facilitated by local Non-Governmental Organizations are underway currently in Indonesia and China. In addition, Nike Compliance staff spend time listening to factory employees during one-on-one confidential interviews during in-depth Management Audits. More than 6,600 factory employees were confidentially interviewed by Nike Compliance staff from August 1, 2002 through November 2003.		CR team trains the supervisors on the proper use of the suggestion box, and then the supervisors train the workers. CR team posts posters beside the suggestion box which indicate that if worker writes a complaint letter, he/she must write down his/her name. The factory argued that even if the workers don't write down their names, they will still handle the complaints. And the factory has a new policy now that workers need not write down their names, but this point is not included in the poster. Additionally, some workers expressed that if they must write down their names, they would be hesitant to write complaint letters.

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4. Harassment or Abuse										
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.										
Verbal abuse		Employers will prohibit screaming, threatening, or demeaning verbal language	Many workers reported verbal abuse by supervisors.	worker interview	Factory must provide training to managers and supervisors on proper disciplinary procedures and harassment and abuse training.	Dec-03	Factory will include proper disciplinary and harassment and abuse training as part of the training curriculum to managers and supervisors.	PC will conduct a follow up visit in January 2004 to check on training implementation.		Although CR trainings were made to managers and supervisors, some workers still reported that when they could not finish production quota, the supervisors would yell at them. Feb. 2004 update: Factory will reinforce the training of the non-abuse policy to line supervisors, and establish disciplinary guidelines.
Monetary Fines and Penalties		Employers will not use monetary fines and penalties for poor performance	Workers reported that if they are 15 minutes late, they are forced to take a one hour suspension without pay.	worker interview	Factory must modify their policy on tardiness.	12/31/03	Factory is in the process of updating the policy as the following: Payment will follow the actual clock in time. If workers are late 20 minutes, then salary calculation will only take into account the 20 minute tardiness and will not deduct for more time than that.	PC will do a follow up visit in January 2004 to check that the policy is being enforced.		This issue is still under discussion. The factory said that it will be discussed by the board in January 2004 to change the regulation. Feb. 2004 update: The board meeting is scheduled for March, 2004. Factory expects this issue will be approved at that time.
5. Nondiscrimination										
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement, on the basis of gender, race, religion, age, disability, sexual orientation, nationality, political opinion, or social or ethnic origin.										
Hiring Discrimination Practices		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	Male workers are required to sign a document, which states that they have no criminal record and will not engage in strikes.	worker interview, management interview, record review	Factory must abolish this practice immediately.		Factory cancelled this practice effective September 2003.	PC has verified through interview of the male workers that this practice is no longer in effect.		Although male workers need not sign this document, new workers(male and female) still have to sign an agreement which still includes a point concerning a previous criminal record. Feb. 2004 update: PC has verified that the agreement is stated in workers' personnel files after workers are hired, but not as part of the hiring process.

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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.	Three workers said female workers had to receive pregnancy testing before entering the factory.	worker interview	Factory must not have a policy of pregnancy testing as part of the hiring process.		This policy doesn't exist in this factory.	PC has verified through worker interviews that pregnancy testing is not part of the factory's hiring practices.		Although, there is no evidence showing that there is pregnancy testing in the factory, during workers interview some workers still report that there is pregnancy testing in the factory, and we are sure that workers didn't misunderstand this question. The factory might need to train workers on the purpose and intent of the physical examination. Feb 2004 update: Fty arranges ultrasonic for uterus to diagnose if female workers' uterus are healthy. The purpose is not to identify pregnancy.
6. Health and Safety										
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of, linked with, or occurring in the course of work or as a result of the operation of employer facilities										
Evacuation Procedure	Article 52 The employing unit must establish and perfect the system of occupational safety and health, strictly implement the rules and standards of the State with regard to occupational safety and health, carry out education among labourers in occupational safety and health, prevent accidents in the process of work, and lessen occupational hazards.	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	Some fire exit lights are not functioning. The workstation is too crowded. Although the factory has certificates for the operation of the boilers, the distance from the boilers to the workstations is not long enough to be considered "safe."	worker interview, records review and visual inspection	Factory must fix the fire exit lights so that they are functioning properly. Factory must adjust the distance between the boilers and the workstations.	1. Fire Exit Lights: November 30, 2003.	1. Fire Exit Lights: Factory will fix the fire exit lights so that they function properly. 2. Boilers: Due to the production process, it is difficult for factory to remove the machinery from the production line to make the distance bigger. There are 6 fire exits for every workshop and workers are very familiar which exit to use in case of fire.	PC will do a follow up visit in December 2003 to check that the fire exit lights have been fixed.		Fire exit lights were all functioning during the visual inspection.
Ventilation/Electrical/facility maintenance	Article 54 The employing unit must provide labourers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labour protection, and provide regular health examination for labourers engaged in work	All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility	Ventilation is not good and causes excessive noise. Factory is too hot and the vapors cannot escape.	visual inspection	Factory must reduce the noise caused by the ventilators and revise the ventilation system so that the hot vapors can escape.	May-03	Factory will study the installation of engineering controls to improve the ventilation and reduce heat stress. Factory concedes that the process might take some time to study and implement.	PC to conduct progress checks on this issue.		New ventilators have been installed to reduce the noise. And the revision of the ventilation system for hot vapors to escape is under a testing period.

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7. Freedom of Association and Collective Bargaining										
Employers will recognize and respect the right of employees to freedom of association and collective bargaining										
Employer control/favoritism		The employer will not interfere with the right to freedom of association by controlling workers' organizations or favoring one workers' organization over another	The candidates for chairman of the trade union are chosen by the management.	worker interview, management interview	Candidates for the chairmanship position of the trade union should be nominated by the union members and not by Management.	Next election is scheduled for November 2003.	The factory will follow the Trade Union Law. The chairman of the union will be elected by union members.	PC to do a follow up check in December 2003.		The trade union documents showed the current president and the other members were chosen or elected on Nov.11, 2001. They should serve a three year term till Nov.11, 2004 by trade union regulations. They said they made a mistake by saying the new free election for the trade union chairman would be scheduled for November 2003.Thus, nothing has been done yet to change the structure of the trade union. Feb 2004 update: No update for this issue. Factory has changed the policy to become free election. The election is arranged in Nov 2004.
8. Wages 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										
Legal benefits	Article 72 The sources of social insurance funds shall be determined according to the branches of insurance, and an overall raising of social insurance funds shall be practised step by step. The employing unit and labourers must participate in social insurance and pay social insurance premiums in accordance with the law.	Employers will provide all legally mandated benefits to all eligible workers	20% of the workforce does not have social security and 100% of workers do not have medical insurance benefits as required by Chinese law.	worker interview, records review	Factory must provide social and medical insurance as required by China labor law.			No update for this issue. Although China labor law requires all 5 kinds of social insurance, it is not mandated by local government. Factory has provided insurance to 80% of workers. Although medical insurance is not mandatorily required in Putian area, however factory provides free medical care to workers.		There is still no medical insurance and only 80% of the workers are insured.The status remains the same: these procedures were agreed upon by the local government. Feb. 2004 update: No update for this issue. There is still no mandatory requirement of medical insurance in Putian area. Factory continues to provide free medical care to workers.

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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	According to Article 41 of Labour Law of the People's Republic of China, The employin unit may extend working hours as necessitated by its production or business operation after consultation with the trade union and labourers, but the extended working hour per day shall generally not exceed one hour; if sych extention is needed for special reason, under the condition that the health of labourers is guaranteed, the exrtended hours shall not exceed three hours per day. However, the total extention in a month shall not exceed thirty six 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	In the months of October and December, workers engaged in production for 8 days straight with no rest day.	worker interview, management interview, record reivew	Factory must follow the one day off in seven benchmark.		This issue happened due to switched hours of work. Factory will follow the one day off in seven benchmark.	PC has verified through worker interviews that factory is providing one day off in seven.		Workers have one day off in seven.