

*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	China
Factory name	07001549B
IEM	SGS
Date of audit	13-14 Oct 2003
Days in the facility	2 days
PC(s)	Nike, Inc.
Number of workers	544
Product(s)	Sports Cup
Production processes	Make Molding-Injection-Assembly-Packing
Other brands in factory	

FLA Code/ Compliance issue	Findings						Remediation				
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal audit findings	PC remediation plan	Target Completion Date	Factory Response	PC follow up	Documentation
<b>1. Code Awareness</b>											
<b>2. Forced Labor</b>											
<b>3. Child Labor</b>											
<b>4. Harassment or Abuse</b>											
<b>5. Nondiscrimination</b>											
<b>6. Health and Safety</b>											
Fire Safety Health and Safety legal compliance	As clause 55 of China Labor Law, all operators of elevator should obtain permits in advance.	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	The factory could not provide valid Permits of Elevator Operators, it violated the clause 55 of China Labor Law.				Factory must obtain the necessary elevator operator permit.	Nov. 30, 2003	1. Backup supervisor will designate the right people to join the training and will get the right license after examination. 2. Designated persons will be confirmed after the CoC meeting.	Completed.	Attached
Fire Safety Health and Safety legal compliance	As clause 3 of Regulations on Security Service in Guangdong Province, all security guards should obtain permits in advance.	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	The factory only provided 2 valid Permits of 6 security guards, could not provided the rest, it violated the clause 3 of Regulations on Security Service in Guangdong Province.				Factory must provide the permits for security guards to meet the local regulations.	30-Oct-03	Guard Supervisor will process the guard license for the guards on duty.	Completed.	Attached
Chemicals Management	As clause 22 of Safety Regulations on Dangerous Chemical Goods, all chemicals should stored in the special warehouse.	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	Some chemicals stored in the materials warehouse was found during this audit, it violated the clause 22 of Safety Regulations on Dangerous Chemical Goods.				Chemical material warehouse must meet local regulations on storing of chemical goods.	25-Oct-03	1. Hazardous material has been moved to the right storage unit. 2. Storage supervisor will work with COC team to set up a monitoring system for the storage unit.	Completed.	Attached
Ventilation/Electrical/facility maintenance	As clause 38 of Warehouse Fire Safety Management Code, all combustible solid warehouse should install Explosion-Proof Light.	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	The plastic warehouse did not install the Explosion-Proof Light, it violated the clause 38 of Warehouse Fire Safety Management Code.				Factory will install explosion proof light at the plastic warehouse.	25-Oct-03	Backup supervisor will work to change lamps at plastic warehouse to explosion-proof type.	Completed.	Attached
<b>7. Freedom of Association and Collective Bargaining</b>											
<b>8. Wages and Benefits</b>											
Legal benefits	As the clause 72 of China Labor Law, all employees should attend the social insurance.	Employers will provide all legally mandated benefits to all eligible workers	The factory only provided injury insurance for 70% of workers, and retirement insurance and unemployment insurance for 35% of workers, did not provide for all workers, it violated the clause 72 of China Labor Law, even they have waiver from local government (form Boluo county Social Insurance Bureau).				Factory must provide social insurance for all workers.	31-Oct-03	1.Factory administration department is encouraging all employees to participate in the social insurance scheme. 2.Factory administration department will follow local government's social insurance requirements.	Currently factory is complying to the local requirement of social insurance. It is accepted by Nike and other brands.	Attached

FLA Code/ Compliance issue	Findings						Remediation				
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC Internal audit findings	PC remediation plan	Target Completion Date	Factory Response	PC follow up	Documentation
<b>9. Hours of Work</b>											
Overtime Limitations	As clause 41 of China Labor Law, overtime working hours should not exceed 3 hours a day and 36 hours a month.	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	According to the time cards and records from Jan to June of 2003, the overtime working hours average are 3 hours a day and sometimes more than 3 hours a day, average 60-80 hours per month, exceed 3 hours a day and 36 hours a month, it violated the clause 41 of China Labor Law. According to the time records and time cards from July to Sept of 2003, about 80 assembly workers overtime worked 5 hours at night on July 29, and 4 workers overtime worked 4.5 hours at night on Sept 25. Most workers average overtime working hours are 60-80 hours a month, exceed 3 hours a day and 36 hours a month, it violated the clause 41 of China Labor Law.				Factory must comply to local law regulations on maximum number of OT hours.	25-Nov-03	1. Starting from July 2003, time card is the only official wage and salary calculation document and record. 2. Factory manager will strictly educate supervisors on local law OT regulations. 3. Factory COC team will educate workers on proper wage, hours, and salary calculation. 4. Obtain proper approval from BoLuo County on all OT hours rendered.	Factory has not exceeded 3hrs/day, 80hrs/month for the past 3 months (from Nov. 03 to Jan., 04'). PC has confirmed this through internal audit. Factory has obtained clearance from local labor bureau to work OT hours exceeding 36/hrs per month.	Attached
<b>10. Overtime Compensation</b>											
OT Compensation	As the clause 44 of China Labor Law, OT compensation should be paid at rate of 150%, 200% and 300% for working days, rest days and statutory holidays.	The factory shall comply with applicable law for premium rates for overtime compensation	According to the payrolls and time cards from Jan to Aug of 2003, there are 5 trainees in molding workshop paid by monthly wage, and no overtime payment for them when they have overtime worked at night or rest day from March to Aug of 2003, it violated the clause 44 of China Labor Law.				Factory must pay correct OT wages in accordance with local law. Backwage payments for unpaid OT hours should be issued.	31-Oct-03	1. Administration department will issue backpay for all the unpaid OT hours on the time card before end-Oct. 2003. 2. Administration department will convert all the apprentice pay from salary to hourly wages starting from Nov. 1st, 2003.	Backpay was completed in Sept.	
<b>Miscellaneous</b>											