

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	HONDURAS
Factory name	07002994C
IEM	ALGI
Date of audit	8/30/2004
Days in the facility	3.5
PC(s)	NIKE, INC.
Number of workers	890
Product(s)	SPORTSWEAR
Production processes	CUTTING, SEWING, PACKING AND SHIPPING

Findings						Remediation					
FLA Code/ Compliance issue	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion	PC follow up	Documentation	Best Practice	PC follow up
1. Code Awareness											
2. Forced Labor											
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise											
3. Child Labor											
No person will be employed at an age younger than 15 (or 14 where the law of the country of manufacture allows) or younger than the age for completing compulsory education in the country of manufacture where such age is higher											
4. Harassment or Abuse											
Every ee will be treated with respect and dignity. No ee will be subject to any physical, sexual, psychological or verbal harassment or abuse.											
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.											
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	Chapter 1 Occupational Health and safety, Art. 391 Honduran Labor Law: all employees shall be require and equip the premises and plan to guarantee the workers' health and safety.	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.	Aisle in line 23 is 15 inches wide, hindering employees rapid exiting in case of an emergency.	Visual Observation		Environment/Safety/Health (ESH) Committee should ensure that all aisles at the facilities must allow a rapid exit in case of an emergency.	03/08/05	Nike staff will request the factory to send pictures (specifically of area / line 23) when this is completed.			Issue has been closed after a walkthrough by the Nike staff on 03/08/05. The machines were moved so the aisles are clear. Factory's ESH committee has been checking all aisles (specially sewing area) to keep them clear from obstructions as a monthly activity. (Note: The aisle in line 23 is not one of the main aisles, it is only a service corridor).
PPE	Chapter 1 Occupational Health and safety, Art. 391 Honduran Labor Law: all employees shall be required and equip the premises and plan to guarantee the workers' health and safety.	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	Employees working in the loading areas were observed lifting heavy loads without the use of safety belts.	Visual Observation		Provide all the necessary PPE for employees (specially for loading areas) and provide a training about the use and importance of wearing the PPE. Also, PPE information must be posted at the facilities.	03/08/05	Nike staff will request the factory to send some pictures and written evidence of the training given and the posted information about PPE.			Issue has been closed after a walkthrough done by the Nike staff on 03/08/05. During the visit, employees at loading area were using safety belts for ergonomic protection when they need to lift heavy stuff. To maintain this as a standard, the factory has posted information regarding the use of PPE in general (glasses, safety belts, gloves, etc).
7. Freedom of Association and Collective Bargaining											
Employers will recognize and respect the right of employees to freedom of association and collective bargaining											
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	Art 339 Honduras Labor Law: holidays must be compensated computing the average of regular plus overtime earned during the immediate preceding week.	Employers will provide all legally mandated benefits to all eligible workers	Calculation of Holidays at [factory] is based on regular wages only and does not include the overtime earnings.	Payroll record observations, management and employee interviews		In the case of a Holiday, the factory must pay the prior week average of the regular and overtime wage to all employees (Art. 339 HLL). Nike staff will request remediation and review the progress on this situation in a future Compliance visit.	09/01/05				Nike staff will follow up on this item during the next trip to Honduras, planned in FY06.

FLA Code/ Compliance issue	Findings					Remediation					
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion	PC follow up	Documentation	Best Practice	PC follow up
Payment of Legal Benefits	Art. 346 Honduras Labor Law: Periods of vacation entitlement; after 1 year of service (10) days, after 2 years of service (12) days, after 3 years of service (15) days, after 4 years of service (20) continuous labor days. Art. 348 Honduras Labor Law: It is forbidden to compensate vacation with monetary payments, especial circumstances may be permitted by the ministry of labor.	Legally mandated benefits will be provided or paid in full within legally defined time periods	Review of December payroll records, show that employees received no more that 10 days vacation. Employees with over 2 years of employment and whose entitlement exceeds 10 days off for vacation, did receive 10 days off and worked the remaining days. This time was properly compensated.	[Factory] has a collective vacation policy. Facility stops operations in December during Christmas. Vacation days totals 10 days.		Vacation days must be given according to each employee seniority. (Art 346, HLL.). Nike staff will request remediation and review the progress on this situation in a future Compliance visit.	08/01/05	Nike staff will request the factory to send the last updated Policy regarding Vacation Days to review it (on hold until the issue is no longer classified under a "pending" status).			This issue will be pending on remediation until AHM & FLA finish their meetings.
9. Hours of Work											
Except in extraordinary business circumstances, ees 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											
e. Overtime Limitations	Art 333 it is forbidden for the same employee to work more than 4 overtime days within the same week.	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.	There are occasional overtime limitation nonconformities at [factory]. Payroll records for period ending 8/15/04 revealed employees from the packing department working overtime 5 days within the same week.	Time records, employee interviews.		Nike staff considers that no remediation needs to be requested. According to the HLL, overtime has to be considered in hours, not in days. (Art: 332 LL: Overtime hours, plus the regular hours, could not exceed (12) hours, unless the people are in danger by an imminent risk or an accident occurred, the establishments, machines or facilities, products or harvest and without an evident harm, can not be substitute the workers or suspend work activities of those that are working). Besides Nike Management Code Leadership Standards mention a maximum OT of (12) hours per week (not per day) as the Art.274 is stating. Therefore, please note there is no limit by law as to the number of consecutive days in which employees work OT, as long as it does not go beyond 12 hours per week.			N/A		
k. Other		Time recorded system. Time worked by all employees regardless of compensation system, will be documented by time cards or other accurate and reliable recording systems such as electronic swipe cards.	[Factory] mechanics (a total of 15) are compensated as salaried employees and are not required to log hours of work.	Management & employee interviews; time records.		Nike staff will request factory to send some evidence (mechanic contracts) to assure the status of the employees (Confidence or salaried). A Confidence employee is not subject to the use of time recording system. Therefore, a confidence employee can work overtime and this is not going to be paid (this depends on the will of the factory). The only way to ensure if the mechanic needs the use of time recording system is by observing their contracts. Art 325: the following workers are excluded on the maxim working hours legal regulation: a) those who carry out roles as directors, confidence or manage.		Nike staff will request the factory to send some mechanic contracts to prove if they are confidence or salaried employees (on hold until the issue is no longer classified under a "pending" status).			Pending: This issue will be pending on remediation until AHM & FLA finish their meetings.
k. Other	As per Art. 130, within a normal work schedule, women and minors must receive a break equivalent to 2 hours per day		The company does not provide the additional break time for women.	Employer & employee interviews and time records observation		Art: 326 HLL, mention that is according to the workers need. This means that if the 30 minutes rest is better for the employee, is perfectly fine because in this way the employee can leave earlier from the factory and attend the night school, pick up their children from school or childcare, for instance, and this situation does not conflict with Article 130. This situation is favorable for the employees, since they rather only rest 30 minutes than two hours rest if they can go earlier from the facilities, besides for safety reasons, is		Nike staff will request written proof that the factory reached agreement with the employees in order to substitute the 2hr break with a 30 min one (on hold until the issue is no longer classified under a "pending" status).			Pending: This issue will be pending on remediation until AHM & FLA finish their meetings.
10. Overtime Compensation											
In addition to their compensation for regular hours of work, ees 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.											

FLA Code/ Compliance issue	Findings					Remediation					
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion	PC follow up	Documentation	Best Practice	PC follow up
OT Compensation	Honduran Labor Law Art. 330: Overtime hours must be remunerate at 125% regular wages if the overtime was worked during a dayshift schedule, 150% during the dayshift schedule when overtime hours extend into night schedule, or 175% for overtime work performed during the night shift. Honduran labor Law Art. 318 and 319: Employers can modify the work schedule, but maintaining the hours within the legal limits or the maximum legal amount.	The factory shall comply with applicable law for premium rates for overtime compensation	Employees at [the factory] worked three Saturdays prior to the Holy week in order to compensate for 3 working days off during Holy week (the idea was to have a week long holiday, by adding 3 working days off and 2 holidays plus weekend). Hours worked on Saturday should be considered overtime, as the week was extended beyond the legal limits for regular hours.	Employer & employee interviews and time records observation		According to the law, there is no article that prohibits this situation ("switch day"). Additionally, switch days is a common practice because it is in favor of the employee needs (Art. 326 HLL). The factory only has to get an acceptance letter proving this kind of agreement between employees and Management.	08/01/05	Nike will request an acceptance letter which mentions the switched days and how they are going to be paid. This document has to be signed by the employees representative and Management (on hold until the issue is no longer classified under a "pending" status).			This issue will be pending on remediation until AHM & FLA finish their meetings.
OT Compensation	Honduran Labor Law Art. 325: The following employees are exempt from overtime compensation; Employees who direct or supervise, domestic service, workers who perform discontinue activities, drivers, farmers, or commission workers. Honduran Labor Law Art. 330: Overtime hours must be remunerate at 125% regular wages if the overtime was worked during a dayshift schedule, 150% during the dayshift schedule when overtime hours extend into night schedule, or 175% for overtime work performed during the night shift.	The factory shall comply with applicable law for premium rates for overtime compensation	Mechanics do not log hours of work. Their work goes parallel with production lines that often work overtime. Mechanics (15) are categorized as salaried employees and are not compensated for OT. As per Art 325, mechanics are not exempt for overtime compensation.	Payroll records; employee interviews.		1. Factory should submit copies of the mechanic contracts to the PC to verify the compensation status of the employees (Confidence or Salaried). This issue will apply only if they are considered as salaried employees. Mechanics are often considered industry wide as intellectual laborers (positions of trust). According to Article 325 maximum hours of work shall not apply to persons in positions of trust. 2. If the mechanics are salaried workers, then the factory should also submit time records to analyze the overtime payments.	08/01/05	Nike staff will request the factory to send some mechanic contracts to prove if they are confidence or salaried employees (on hold until the issue is no longer classified under a "pending" status).			This issue will be pending on remediation until AHM & FLA finish their meetings.
Miscellaneous											
	According to Chapter 5, Art. 89, "Internal regulations must be submitted to the Labor Department for their approval.... This disposition also applies in case of modifications or changes to the Internal Regulations document".		The Company Internal Regulations is not updated. The document does not reflect the company's present hours of work.	Company internal regulations.		Company Internal Regulations have to be updated with the current hours of work and schedules. This document has to be approved by the local Labor Department.	08/01/05	Nike staff will request the factory to send a copy of the Internal Regulations Document when is updated and approved by the local Labor Department (on hold until this issue is no longer classified under a "pending" status).			No documentation has been sent as of Jun/25/05. The factory has stated that it agrees changing the Internal Regulations Document to reflect current hours of work and schedules for employees, but that it would do so when the FLA and AHM end their conversations and reach agreement on their points of controversy. Since the outcomes from the meetings between the FLA and AHM could result in a series of modifications that would have to be done the Internal Regulations Document, the factory indicated that they would do all corrections at once when management knows exactly the total amount and variety of final changes (otherwise, if corrections were to be done gradually, employees would become confused).