

*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	BRAZIL
Factory name	07000973C
IEM	COTECNA
Date of audit	18/19 OCTOBER, 2004
Days in the facility	2
PC(s)	NIKE, Inc.
Number of workers	1,143
Product(s)	SPORTING APPAREL
Production processes	Cutting, embroidery, printing, sewing, finishing and dispatch. Small knitting plant and small socks manufacturing plant.

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Findings			Remediation					
			Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	PC follow up	Documentation		
<b>1. Code Awareness</b>											
Confidential non-compliance reporting channel		<b>Principles of Monitoring, Obligations of Companies:</b> 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.	Manager stated he did not know about any confidential communication channel to NIKE	Manager Interview.		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 in-depth Management Audits. More than 9,000 factory employees were confidentially interviewed by Nike Compliance <del>of these interviews 4,000 employees were interviewed</del> (1) The factory should establish a formal confidential grievance process. Factory should analyze the current system (suggestion box) to confirm if it is efficient and if workers are confident in it. (2) The factory should implement a written investigation procedure, that establishes clearly the responsibility to investigate grievances, record dates, method used, nature of complaint, evidences/findings, decision, decision maker, discipline imposed, feedback if possible (when it is possible to identify involved people). All cases should have access to this information due to the sensitive nature of the confidential issues and to protect workers). (3) The factory should communicate to all workers how the system works, confirm that workers have confidence in this system and provide feedback for all grievances, even if they are found to be without merit. (4) If any termination decision takes place.	28-Feb-05	(07/jan/05) The study of a formal confidential grievance process and investigation procedure is currently being performed and should be completed around by 30/jan.  (10/mar/05) The factory elaborated an Internal Communication Confidential Policy (15/feb) and the implementation date was on 25/feb.  (13/apr/05) PC visited the factory in 28/mar/05 and observed the two suggestions boxes, but as this is a new improvement (in the past there was suggestion box but there wasn't any control or orientation to workers). There isn't investigation or records yet as the new policy had only been implemented for 1 week, and the suggestion box will be opened 15/15 days. This item remains on-going to follow up on records and investigation review at a later date.  (06/jun/05) The factory fully implemented this item. There are replies to questions/concerns and these answer are posted to everyone near the suggestion boxes.	PC compliance staff walk thru. PC reviewed the new policy in Portuguese that is posted near the suggestion box. Pictures of a suggestion box with posted answers, and a copy of the policy are on file with PC as well.		
<b>2. Forced Labor</b>											
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise											
<b>3. Child Labor</b>											
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 than 15.											
<b>4. Harassment or Abuse</b>											
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.											
<b>5. Nondiscrimination</b>											
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.											
<b>6. Health and Safety</b>											
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		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	1.- Workers stated that they have not received emergency drills training. No records of health and safety training or fire drill conclusions were shown to auditors. 2.-Auditors found a locked emergency exit door in the fifth floor, where the cutting section is. 3.- In the ground floor of the production building there are three emergency exits doors that open inwards; one of them could not be opened fully because a sewing	1.- Workers interviews and records review. 2.- Visual Inspection 3.- Visual Inspection		(1) Factory should prepare a complete written emergency plan (such as postings of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, training on first-aid, emergency drills training, etc.). (2) Factory should evaluate the entire layout of the factory in order to avoid obstructions at emergency doors, implement an inspection (with evident tracking system) of all the emergency doors to guarantee they are unlocked, unobstructed and open outwards. (3) Record all factory efforts (training, inspection, etc), documentation should have date, method used, person who conducts training, attendees, description details, inspected locations, etc. (do not document only through pictures)	18-Feb-05	(7/jan/05) 1. The written emergency plan is currently being created and should be completed soon. 2. The factory is currently evaluating the layout of the factory and the emergency exits - should be completed soon. Routine inspections of all emergency exits has been implemented. The emergency exit door of fifth floor is unlocked. In the ground floor of the production building, the first emergency exit door that opens outwards will be installed around 25/jan and after approval of this emergency exit door the next two emergency exit doors that open outwards will be installed around 10/feb. 3. Training is being documented. The next training will be registered on correct form. *  (10/feb/05) 1. The factory did an Evacuation Manual and training to all employees about use of fire extinguisher and did a new layout of emergency action to all	PC compliance staff walk thru. Copy of training form on file with PC. Pictures with the 3 emergency doors opening to outwards on file with PC. Copy of factory inspection and training documentation on file with PC.		

		Findings				Remediation			
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	PC follow up	Documentation
								<p>3. The emergency exit door of fifth floor is unlocked and the first emergency exit door in ground floor is changed to open outwards, other emergency doors will be changed during March.</p> <p>-----</p> <p>(13/apr/05) PC reviewed the documentation and observed that the factory is doing weekly inspections, trainings, and the emergency exits are unlocked and unlocked. But the factory still needs to change two emergency doors, which have been ordered and waiting for delivery to install. Therefore, this item remains on-going.</p> <p>-----</p> <p>(06/jun/05) The factory changed two emergency doors - the system adopted was for the door to open to two sides (outwards and inwards). This way in the summer <del>time the door is opened in production time to help the ventilation, but does</del></p>	
Safety Equipment		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 first aid kits boxes found at the production floors were inspected and found empty.	Visual inspections		<p>(1) Factory should prepare a complete written medical plan that explains every procedure that should be followed in emergencies, provide training and orientation to employees about what and how to do perform first-aid until a qualified professional arrives or until the injured person can be moved to the clinic.</p> <p>(2) Verify that all workers understand that any disease or injury must receive appropriate attention from medical personnel that are available full time in the on-site clinic.</p> <p>(3) Insert the declaration that medicines are not available in any first-aid kit to prevent self-medication, mainly for pregnant women, and every employee should go to clinic, which is</p> <p>(4) Factory should evaluate if it is possible to contain basic first-aid material, such as band-aid, anti-septic, bandages, and others basic materials for the first-aid kit until the injured person is moved to the clinic. Such measures shall be done in all factory departments.</p> <p>(5) Factory should document all action taken and procedures (training, attend list, dates, responsibilities, etc) - do not document only through pictures.</p>	18-Feb-05	<p>(7/jan/05) 1. The written Medical Plan detailing all the procedures in emergency cases is currently being created and should be completed around by 30/jan. 2 &amp; 3. Starting February factory will begin training employees in small groups that every disease and/or injury should be addressed by the clinic staff. 4. New first aid kits were purchased. The kits will be under the responsibility of a person in each sector. Total implementation will be by 30/jan.</p> <p>-----</p> <p>(10/feb/05) 1. The factory completed the Medical Plan and there is information that all accidents or dizzy person must go to on-site clinic or if there is not anyone in the on-site clinic (during night time) must go to nearest hospital, there is a list of hospitals near the factory.</p> <p>4. All sectors in the factory received a First-Aid Kit and each supervisor is responsible for this kit. This kit is just to protect the worker until arrival of on-site clinic or hospital help (to protect the injury/cut, or/and stop the blood). In June there will be a training to people in each sector about their responsibility in case of injury or dizzy.</p> <p>-----</p> <p>( 13/apr/05) During PC visit, all of the above items were verified and this item is now considered completed. The factory didn't provide training to everyone, but posted procedures of what to do in case of accidents and explained to the supervisors about First-</p>	Copy of Medical plan on file with PC. Pictures and documents on file with PC about the Medical Plan, first aid kits, and emergency.
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.	Inspection section workers complained about back ache and discomfort because they work standing up all day. Floor mats are not provided.	Workers interviews and visual inspection.		<p>(1) Factory should evaluate workstations of standing employees to discover possible causes of backaches and ask workers for their feedback.</p> <p>(2) Study measures to prevent backaches and which would be more effective / appropriate remedies (i.e. provide floor mats, education, gymnastics, etc.) Examples: gymnastic exercises, evaluate work positions, educate workers on the correct working positions, evaluate the appropriate height of table/equipment for employees, provide feedback on correct and safe way to lift / move heavy items, etc.</p> <p>(3) Document all action taken and procedures (training, attend list, dates, responsibilities, etc) - do not document only through pictures.</p>	11-Mar-05	<p>(7/jan/05) The factory is currently evaluating the risks of the employees that work on standing position and the study should be completed around by 30/jan.</p> <p>-----</p> <p>(10/feb/05) The factory didn't finished the study yet, but said that they think the remediation will be to do labor gym with the workers that work on standing position.</p> <p>-----</p> <p>(13/apr/05) In last PC visit, no progress was observed for this item. The factory said they are studying a solution. Therefore, this item remains on-going yet.</p> <p>-----</p> <p>(06/jun/05) The factory adopted the labor gym to every sectors of the factory. The factory created a schedule to every department that each department there are gym 3 times/week. This action started 02/may/05.</p>	Pictures on file with PC of gym sessions and workers are enjoying the sessions.
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws			The Medical office is excellent, well equipped and spacious, manned by a Doctor and qualified nurses.				
<b>7. Freedom of Association and Collective Bargaining</b>									
Employers will recognize and respect the right of employees to freedom of association and collective bargaining									
<b>8. Wages and Benefits</b>									
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									
<b>9. Hours of Work</b>									
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									
<b>10. Overtime Compensation</b>									
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.									
<b>Miscellaneous</b>									