

*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	China
Factory Name	07001528D
IEM	Global Standards
Date(s) in Facility	November 8 & 9, 2005
PC(s)	Nike, Inc.
Number of Workers	570
Product(s)	Footwear
Production Processes	Injection mold, QC, packing

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings						Remediation				[Status]	Updates (1/5/06 & 7/6/06)			
			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company follow up (12/21/05)		Documentation	Company Follow up	Documentation	
<b>1. Code Awareness</b>																	
Worker/Management Awareness of Code		<b>FLA Principle of Monitoring, Obligation 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.	Most workers don't know specific contents of CoC.					worker interview		Contractor should provide sufficient training to all employees on COC, labor laws.	31-Dec-05	Train all employees in COC in the third part of Dec, then take examinations, the ones who do not pass the examination will be retrained until they pass the COC examination.	2005/12/21: Factory schedule to conduct the training to all employees on Dec. 24, 2005 on factory policies and COC.	[Picture]	Completed	2006/1/5: Factory conducted the training to all employees on Dec. 24, 2005 on factory policies and COC. After the training, trainees need to pass the examination. If fail, workers are required to take one more course until they pass the exam. The training results sounds good from the interview result.	[Picture]
<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.																	
Parent Consent Documentation		Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and the age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime	No policy for age verification.					Document review		Factory should set up a policy for age verification and make sure this practice is being implemented effectively.	28-Feb-06				Completed	2006/7/6: Factory set up a policy against age verification and it is well implemented.	[Picture]
<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 or abuse.																	
Monetary Fines and Penalties		Employers will not use monetary fines and penalties for poor performance						worker interview, visual inspection		Contractor should not use any forms of monetary fines due to disciplinary infractions.	31-Dec-05	1.This article has been regulated when factory came into being, and it was cancelled in the beginning of 2004. 2.Factory will replace ID card before 31-Dec-2005.	2005/12/21: There are no cases found in factory's documentation and worker interview. This rule had not been implemented since 2004. Factory replaced all employee's ID card and the outdated statement has been deleted in the new ID card.	Back of ID Card: New vs Old	Completed		[Picture]
Other				In cases where the discipline process results in termination, there is no policy which provides workers with an opportunity to reply, challenge or make appeals against the termination				record review, management interview		Contractor should set up a relevant policy in order to provide workers with an opportunity to reply, challenge or make appeals against the termination, in cases where the discipline process results in termination.	31-Jan-06		2005/12/21: Factory will set up a relevant policy to prevent this NC risk.		pending	2006/1/5: Still on-going 2006/7/6: Factory has set up a specific policy against termination according to the requirement of FLA.	
				There is no proper policy for termination/retrenchment for operational purposes.				record review, management interview		Contractor should set up a proper policy for the termination for operational purposes.	31-Jan-06		2005/12/21: Factory will set up a relevant policy to prevent this NC risk.		pending	2006/1/5: still on-going 2006/7/6: Factory has set up a specific policy against termination according to the requirement of FLA.	
<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.																	

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					Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating			Notable Features implemented by Factory Management or Company	Factory Response (Optional)			Company follow up (12/21/05)	Completed; Pending; On-going
<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															
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	Found 3 fire extinguishers are out of order. And found one expired medicine inside the first aid kit.			Visual inspection		1. All the fire equipments should be maintained properly in case of any unexpected circumstance happen. 2. All the medicine inside the first-aid-kit should be valid. Factory should set up a checking system to ensure the sufficient & valid medicine being used.	20-Dec-05	1.Prepare fire extinguishers for emergency, check fire extinguishers by commissioner, if there is any problem with them, will replace them immediately. 2.Set up first aid kits checking form, and stick to the medicine box.	2005/12/21: Factory had replaced the out-of-order fire extinguishers and also prepared more spare fire extinguishers for emergency. A person is assigned to be responsible for checking fire equipment. Factory had replaced the expired medicine in the first-aid-kit and also has set up a checking system on-site.	[Picture]	Completed	2006/1/5: Factory had replaced the expired medicine in the first-aid-kit and also has set up a checking system on-site. But factory still need to set up a management system for the first-aid kit, such as criteria for medicine cabinet replenishment, accountability person, etc. 2006/7/6: Factory has set up a management system for the first-aid kit. Well-improved.	
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.	Found some workers do not use earplugs and/or gloves during working time.			Visual inspection		Factory should provide more training for the relevant employees how to use PPE properly, as well as supervise the daily implementation.	31-Dec-05	Provide information to the employees and check at the collecting meeting everyday	2005/12/21: Factory enhanced notification to the employees. Workers are wearing proper PPE on-site.	[Picture]	Completed		
Ventilation/Electrical/Facility Maintenance		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	Found poor connection at electrical boxes and other electrical appliances.			Visual inspection		All electrical devices shall be maintained to prevent hazardous conditions to employees in the work area.	31-Dec-05	1.Check all electronic circuits around the factory and make improvements, then maintain and protect them. 2.Set up checking sheet, and check it periodically.	2005/12/21: Factory set up a tracking system for the electrical devices. Good improvement.	[Picture]	Completed		
<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															
Other		FLA Comment: The Chinese constitution guarantees Freedom of Association; however, the Trade Union Act prevents the establishment of trade unions independent of the sole official trade union – the All China Federation of Trade Unions (ACFTU). According to the ILO, many provisions of the Trade Union Act are contrary to the fundamental principles of freedom of association, including the non-recognition of the right to strike. As a consequence, all factories in China fall short of the ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected at members' assemblies and trade unions must be accountable to their members. The trade union has the responsibility to consult with management on key issues of importance to their members and to sign collective agreements. It also grants the trade union an enhanced role in dispute resolution. In December 2003, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements, in contrast to the previous system of non-negotiated administrative agreements.													

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<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>															