

*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.

<b>FLA Audit Profile</b>	
Country	China
Factory name	36001529CV
EM	SGS-CSTC Standards Technical Services Co. Ltd.
Date(s) in facility	December 06-08, 2004
PC(s)	Puma AG
Number of workers	Building [One]: around 2000; Building [Two]: around 3000
Product(s)	Sport Shoe
Production processes	Cutting-Sewing-Shaping-packaging

FLA Code/Compliance Issue	Country/Law/Local Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	Existence of Non-compliance (uncorroborated)	If not corroborated, explain why	Sources/Documentation used for corroborating	Notable Features identified by Factory Management or Company	FLA Internal Audit Findings (Optional)	Remediation		(Status)	Third-Party Verification		Company Verification Follow-up		(Status)		
										Target Completion Date	Factory Response (Optional)		Company Follow up (May 19, 2005)	Completed/ Pending/ Ongoing	Documentation	Company Follow up (June 5, 2007)		Documentation	Completed/ Pending/ Ongoing
<b>1. Code Awareness</b>																			
Confidential non-compliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel for the workers to report to the Company on non-compliance with the workplace standards, such as phone number of company representative on site.	There was no secure communications channel for the workers to report to the Company on non-compliance with the workplace standards, such as phone number of company representative on site.				Interview with workers and management. On-site observation of the posted codes.			31-May-05	The suggestion box system has been re-introduced and reinforced by workers briefing in all workshops. Policy procedures are posted near the box located in all workshops, dormitory and canteen.	May 19, 2005: The factory developed and printed a reliable, water size CSR card covering PLMA, COC, wage and overtime information and calculation, workers' rights and obligations and phone number of appeal and emergency first aid.	PLMA COC direct label concerning security directly report any case of non-compliance is still being translated into local language, will be completed by mid-June.	25-26 May 2006 Compliance: Based on-site observation, the factory had posted PLMA COC which included contact name, number, email address and worker appeal flow chart in each workshop, dormitory, canteen. Suggestion boxes were also available in the factory. Through review of the workers' complaint records, it was found that the factory had taken corrective action. According to the management interview, they stated workers could approach management on issues of concern by suggestion box, appoint assistants or direct appeal to managers. It was confirmed through interview with workers.					
<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																			
Conflicted Opaque documentation		The clause 2 of "right protection for the employees of private & foreign investment enterprise" labor issuing (1994) No. 115 - employer shall not retain employees' identity cards during employment.	Factory held workers' identity cards for 1-2 months during recruitment.				Based on worker interviews, management interviews, and found the identity cards of employees in recent recruitment kept in personnel department.			May 31, 2005	1) Return immediately to workers all the ID cards in factory's possession. 2) Issue instruction to all staff involved in recruitment not to retain original copy of any worker's personal document such as ID card, etc.	May 19, 2005: Neglect of Personnel Dept. Factory Workers' ID is formally retained after registration with the local Labor Bureau. All IDs had been returned as of December 10, 2004. A revised Workers' Rights policy instruction was issued specifying a "No retention of ID policy," copy posted in all	Completed/ Verified/ Some workers.	25-26 May 2006 Compliance: The factory didn't retain workers' identity cards anymore but had a personal department which kept copy of ID in the personnel files.	During the verification audit, it was confirmed that the factory didn't retain workers' identity cards anymore but had a personal department which kept copy of ID in the personnel files.	Interviewed workers mentioned that the original copy of the ID was returned to them on the same day after interview including the copy against the original.	Workers; interview		
Accessible Records/Documents		Employers will provide, at employee request, secure storage of labor documents. Such storage will be freely accessible to workers.	The factory did not provide copy of labor contract to workers.				Based on worker interviews, management interviews, and found personnel department keep two copies of labor contract.			May 31, 2005	1) Provide copy of labor contract to all workers. 2) Revise and post factory policy to add clear statement that copy of labor contract should be provided to workers.	May 19, 2005	25-26 May 2006 Compliance: During the verification audit, the factory had signed labor contract with all workers and provided a copy of ID to workers.	Through interview with workers, all of them stated the factory had given them a copy of labor contract.	According to workers, a copy of the contract was given to them after they signed it.	Workers; interview			
<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.																			
Legal compliance for juvenile workers		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 hours, working conditions, types of work, hours of work, proof of age documentation, and overtime.	74 Juvenile workers were identified during audit. But no legal registration permit available.				Personal files and factory provided young worker list reviewed at HR, confirmed it with management.			May 31, 2005	1) Register young workers with the local labor bureau. 2) Revise policy on young workers to include observance of legal requirements and implement said policy strictly.	May 19, 2005: Statements are true. There was a failure to register young workers in some and some juvenile workers are assigned in gluing section due to neglect.	25-26 May 2006 Compliance: During the verification audit, there were 14 young workers and the factory had obtained the young worker registration approval from Local Labor Bureau on 25 Jan. 2006. The factory had arranged all young workers to do regular health examination in Feb. 2006.	Auditors interviewed some workers who looked young, asked some questions about their schooling, education, family etc., and cross checked their personnel files which included their copy of ID, latest photo, registration permit, health examination records and all young worker job arrangement were also checked.					
<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.		No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse.																	
Verbal abuse		Employers will prohibit screaming, swearing, or demeaning verbal language	(Some) workers complained about their supervisors orally abuse to them sometimes. (A) worker reported that they were orally abused in this morning for late time in using the toilet. (actually they just took 10 minutes).				Only workers interviews. No orally abuse case identified from management interviews/records.			May 31, 2005	1) Formulate and communicate policy of "no-abuse in any form" to all management staff and workers; 2) Establish complaint procedure that assures non-retaliation against the worker making the complaint; 3) Formulate policy and guidelines on freedom of movement (including reasonable use of rest rooms); 4) Brief supervisors and workers on all important policies and guidelines; 5) Include such policies and guidelines in topics for briefing new workers.	May 19, 2005: Statement is untrue. All employees are allowed to use the toilet, take and drink water without restrictions, within normal norm of discipline.	Completed.	25-26 May 2006 Compliance: During the verification audit, through interview with workers, the workers stated that supervisors didn't oral abuse or abuse in any form to them, they could go to toilet, drink water at any time.	Through review the factory rules, the factory had issued the policy of "workers' basic human rights announcement". It stated that workers had right to work with safety under no force, work with safety without harassment, without oral abuse from supervisors and had right go to toilet whenever necessary, etc. The policy was posted at each workshop, and the factory had established worker appeal flow, it stated that all workers could report their complaints through phone, letter, etc. was confirmed through interview with workers.				
<b>5. Non-discrimination</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.																			
Machinery Maintenance		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	35 sewing machines were missing the pulley guards.				Visual observation			31-May-05	1) Install safety guard for the sewing machines. 2) observe a regular maintenance schedule for all machines and properly document each activity.	May 19, 2005: Observation is true. The 35 sets of old model sewing machines were purchased without the prescribed pulley guards as they are unaffected the operators.	May 19, 2005: Drive belts of mentioned machines were provided with cover.	25-26 May 2006 Compliance: During the verification audit, based on-site observation, all sewing machines were installed safety guards.	Based on-site observation				
<b>7. Freedom of Association and Collective Bargaining</b>																			
Freedom of Association: FLA Comment		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 (AFTU). 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 union movement. 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 employees to negotiate collective agreements, in contrast to the previous system of non-registered administrative agreements.																	

FLA Code/ Compliance Issue	Country Law/ Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IRM Findings	If not corroborated explain why	Sources/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	PC Remediation plan	Remediation	Target Completion Date	Factory Response (Optional)	Company follow up (May 19, 2006)	[Status]	External Verification (May 25 - 26, 2006)	Third Party Verification	Company Verification Follow up	[Status]
<b>S. Wages and Benefits</b>																			
Employees recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a basis, at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally																			
Minimum Wage	Minimum wage must be provided for employees, Clause 15 of Minimum Wage Provision and Clause 48 of Chinese Labor Law.	Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher.	The actual minimum wage could not be verified due to the inconsistent payroll records, i.e. workers reported piece-rate pay, but payrolls showed hourly paid. Sunday working but payrolls indicated rest day. Besides, the payrolls did not reflect the extra evening OT hours before September raised from workers interviews.				Cross-checking the payrolls from workforce interviews and production records.		1) Issue instructions that all working hours be properly recorded. 2) Includes in company regulations the proper use of time cards and that all workers should "punch-in" and "punch-out" their own time card at the start and end of the shift on all days that they report to work. 3) Brief workers on how wages and other benefits are computed. Wage calculation methods shall be communicated to workers to ensure all workers fully understand it. 4) Post sample computation on all bulletin boards.	31-May-05	May 19, 2006	1) Factory strictly complies with the minimum wage standards according to local regulations and PLUMA COC. 2) The wage calculation is based on hourly pay. Detailed calculation method is listed in the CSR card that is kept by every employee. 3) The overtime compensation is paid according to local legal requirements for work days, rest days and holidays.	May 19, 2006. In addition to the CSR card already mentioned in item No. 1 above, the factory published a fringe information policy posted in all factory bulletin boards specifying the wage policy, calculation method and samples, as well as overtime records. These are consistent with payroll records and documents reviewed at the time of verification audit.	Completed: Pending On-going	25-26 May 2006 Building [Chie] Non-Compliance: The actual minimum wage could not be verified because inconsistency was identified between the electronic record card records and the minute records of workers late for work, the particular records of workers' overtime which were recorded by security guards (please refer to Building [Two]). Compliance: the minimum wage was RM\$5.64 which is above the legal requirements.	During the verification audit, through interview with workers, reviewed the electronic swipe card records from May 2005 to May 2006 and payroll records from May 2005 to April 2006, and cross checked the production records, no negative evidence was identified in Building [One and Two], but inconsistency was identified between time records and the minute records of workers late for work and the particular records of workers' overtime in the security guard room which were recorded by security guards in the Building [One]. In addition, during the close meeting, the management stated because workers, so the minimum wage couldn't be verified during the verification audit. Subsequent time records of R&D workers showed that the minimum wage was RM\$5.64 which is above the legal requirements.	According to management, the finding applied to all workers in R&D. This was during the time when there were urgent samples to be delivered. If this applied to all workers, the security guards would not be able to keep such kind of records. It is the practice of security guards to record in their log book all people going out of the factory after 8:00 p.m. When asked whether how many times they swipe the cards, R&D workers said that they were asked for the hours that were not officially recorded on the time records. In practice, work was stopped also when they were not officially recorded on the time records. Subsequent time records of R&D workers showed that the minimum wage was RM\$5.64 which is above the legal requirements. Production workers said that they normally work up to 7:30 p.m. only but there were few times in a year that they worked beyond 7:30 p.m.. Workers were aware of the minimum wage and overtime pay.	Management and workers' payroll	Completed
Voluntary Use of Benefits	All workers have a right to use or not to use employer provided services, such as housing or meals.	Meal deduction is a must, workers had no choice on it.	Meal deduction is a must, workers had no choice on it.				Workers' interviews and confirmed it from management.		1) Revise factory policy to include freedom of choice for workers in using the factory canteen. 2) Ask workers to sign a form every 15 days to confirm their intention to use the canteen facilities. (This is to allow the canteen to plan the amount of food that will prepare to avoid wastage of food).	31-May-05	Beginning April 1, 2005, May 19, 2006.	As of May 2005 a total of more than 1000 workers have opted not to eat in the factory canteen. Record of no canteen deduction was reflected already in the April payroll, shown here	Completed	25-26 May 2006 Non-Compliance: All workers had right to choose have meal in the factory or not, the factory wouldn't deduct wage if worker didn't have meal in the factory, but the factory would deduct RM\$ 5.00 as cleanliness fee and RM\$ 4.00 as public security fee per month from every worker, and the workers had no right to choose it. (Both Building[0])	It was confirmed through interview with workers and through review the payroll records, it showed that the factory didn't deduct some workers' wages when they didn't have meal in the factory and RM\$5 + RM\$4 was deducted from all worker every month. Workers stated they didn't know when's deduction, management stated that was head office's requirement.	The deduction for cleaning (RM\$ 5) and security (RM\$ 4) were stopped since July 2006 even if the workers according to management, they like the amount deducted were reasonable. Payroll since July 2006 no longer had these deductions. When asked if they knew something about the cleaning and security fees, worker noted that the total amount was RM\$ 9 but the deduction was stopped in around August 2006.	Management and workers' payroll	Completed	
<b>H. 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 law 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	Clause 41 of China Labor Law: The overtime working hour can not exceed 3 hours a day and 36 hours a month. The clause 38 of China Labor Law: The facility should make sure all workers have one day off per 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 law 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	Actual OT hours could not be verified from computer time records due to its inconsistency with auditors findings from workers interviews and production records. The workforce interviews indicated the OT working was frequent and long (usually 10:30 p.m.) before September, and only had 1-2 days off per month. But their time records indicated OT hours no more than 7:46 p.m. and at least one day off per week. Besides, some production records found on-site indicated Sunday working, but the relevant time records showed rest day. So, the factory lack evidence to demonstrate the compliance in legal OT limit.				Cross-checking the computer time records with workforce interviews and production records found on-site.		1) Issue instructions that all working hours be properly recorded. 2) Includes in company regulations the proper use of time cards and that all workers should "punch-in" and "punch-out" their own time card at the start and end of the shift on all days that they report to work.	May 31, 2005	Observation involved many maintenance maintenance on October 2004 to April 2005 showed working hours to be generally within 60 hours per week with one rest day per week. Effective January 2005 all maintenance activities have to keep working hours and work during rest day is strictly prohibited without official approval. Date of time card is a normal requirement.	Payroll and time records from October 2004 to April 2005 showed working hours to be generally within 60 hours per week with one rest day per week.	Completed	25-26 May 2006 Non-Compliance: Building [One] During verification audit, inconsistency was identified between the electronic swipe card records and the minute records of workers late for work, the particular records of workers' overtime which were recorded by security guards (please refer to Building [Two]). Compliance: the number of overtime in the factory could meet legal OT limit. Building [Two]: Although the factory had obtained the approval from local Labor Bureau on Flexible and Consolidated Working Hours System from 01/01/2005 to 12/31/2006, through review the time records from Jan. 2005 to May 2006, some workers' total number of working hours from Jan. to Dec. 2005 was about 2713 hours which exceed the legal requirement of 2400 hours (20.92 days x 8 hours X 12 months + 36 hours X 12 months). It violated the Code 41 of China Labor Law.	During the verification audit, auditors reviewed the electronic swipe card records from May 2005 to April 2006, and cross checked the production records, the minute records of workers late for work and the particular records of workers' overtime in the security guard room. Inconsistency was identified in additional, because sometimes the order was too urgent, require worker to screen electronic swipe card records from May 2005 to April 2006, and they would pay for it in cash. Building [Two]: Through across-check the production records of each workshop etc. and through interview with workers, no negative evidence was identified during the verification audit.	The legal requirement of 2,400 hours a year is based on 40 hours a week plus overtime of 36 hours a month or an average of 49 hours a week. Based on this, work on Saturday is considered overtime. Management admitted that this is very difficult to achieve but said that they comply with 60 hours a week though there were cases when they exceeded this target. Time records of production workers showed working hours normally at 57 to 60 hours a week. However, in April 2007, working hours went up to from 61 to 64 in two weeks and with no rest day for one week. For R&D workers, working hours went up to from 63 to 66 hours a week in July 2006 and from 66 to 70 hours in April 2007 and with no rest day for two weeks in the same month. Production workers said they have one hour break each for lunch and dinner and they usually work from 7:30 a.m. to 7:30 p.m.	Management and workers' interview, working time records	Completed	
<b>O. 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 law will not exist, at a rate at least equal to their regular hourly compensation rate.																			
OT Compensation	150% of normal wage at entitled work hours on weekdays; 200% on Sunday and 300% on Statutory Holidays, Clause 44 of PRC Labor Law	The factory shall comply with applicable law for premium rates for overtime compensation.	Actual OT compensation could not be verified since the time/payroll records were inconsistent with the worker interviews and production records in areas of OT hours.				Cross-checking the computer time records with workforce interviews and production records found on-site.		1) Issue instructions that all working hours be properly recorded. 2) Includes in company regulations the proper use of time cards and that all workers should "punch-in" and "punch-out" their own time card at the start and end of the shift on all days that they report to work.	31-May-05				Completed	25-26 May 2006 Building [One] Non-Compliance: Actual OT compensation could not be verified, because records were identified between time records and the minute records of workers late for work, the particular records of worker's overtime which were recorded by security guards. The factory paid workers according inconsistent time records. Building [Two]: Compliance: the overtime premium was calculated at the rate of 150%, 200%, 300% basing on workers' daily salary for normal day extension, rest day and national holiday working.	Through cross-checked the production records each workshop, the minute records of workers late for work and the particular records of workers' overtime which were found in the security guard room, and interview with workers.	Workers were aware of how overtime pay is computed. The basic pay and the rates per hour for each kind of overtime are indicated on a small card which is given to workers on their first day of employment. All of the interviewed workers showed copy of this card which they place in a plastic jacket together with the ID. They confirmed correct payment of overtime. When asked how much they received during the last payroll, the amounts they mentioned were very close to what was on payroll. The correctness of payroll computations were checked as well as the working hour basis for the computations.	Workers' interview, payroll and time records	Completed
<b>Miscellaneous</b>																			