

*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                  | TURKEY   |
| Factory name             | 070276456E   |
| EM                       | SGS TURKEY   |
| Date(s) in facility      | 24 Nov. 2006   |
| PC(s)                    | adidas AG & Nike, Inc.                                       |
| Number of workers        | 377  |
| Production(s)            | T-shirts and sweats made from knitted cotton and lycra mixed |
| Production processes     | Sewing, pressing, inspections and packing                    |

| FLA Code/ Compliance Issue   | Country Law/Legal Reference  | FLA Benchmark  | Non-compliance  | Risk of Non-compliance  | Evidence of Non-compliance (un corroborated) | 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   | Target Completion Date                            | Remediation Factory Response (Optional)   | Company follow up (June 15, 2007)   | Documentation                              | Completed/ Pending/ Ongoing | Updates (Cite Date of Follow up) | Third-Party Verification Documentation | Company Verification Follow up (Cite date of planned or follow up visit, if appropriate) | Documentation |  |
|--|--|--|---|---|--|---|--|---|---------------------------------------|---|---|---|---|--|-----------------------------|----------------------------------|--|--|---------------|--|
| <b>1. Confidantiality</b>  |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| <b>1.1. Confidantiality</b>  |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| Confidential non-compliance reporting channel  |  | FLA Principle of Monitoring, Obligation of Companies: 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.  | There is no confidential non-compliance reporting channel defined in the plant.   |   |  |   |  |   |                                       | Nike and Adidas are striving to have sustainability in factories' systems. The factories are expected to get the ownership of their compliance programs. Both brands share contact information during some interview where needed. Also, we get contact information of workers where needed. In addition to the information above, in April 2007, adidas started a new implementation to post "open letter" to workers on the factory notice boards where the contact details of the responsible compliance person is written.  |   |   |   | Completed                                  |                             |                                  |  |  |               |  |
| <b>2. Forced Labor</b>   |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| There was not any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or  |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| <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   |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| <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.   |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| Disciplinary Practices   |  | Employees will utilize consistent written disciplinary practices that are applied fairly among all workers.  | There is no written discipline policy/procedure and a committee. The disciplinary practices like written warnings or termination are decided by management. Workers or their representatives did not participate in such decisions. |   |  |   |  |   |                                       | There are sections regarding disciplinary actions and procedures in factory's policy. However, factory will provide more details about discipline policy in their Company Policy. A training about these new details will be given to all the management and workers. Training notes and signatures of the participants will be filed.  | Policy improvement: 1-Jun-07 Trainings: 15-Jun-07 | There is no regulation to form a discipline committee in the Labor Law.   | Disciplinary action policy is prepared and posted. The policy is distributed to the employees. A training was given to the employees on 17th of May.  | Training document and signed attendee list | Completed                   |                                  |  |  |               |  |
| Monetary Fines and Penalties   | Labor Law Article 26 mentions contract termination conditions                                      | Employers will not use monetary fines and penalties for poor performance   |   | There are no written records and/or defenses to ensure that the termination is caused by poor performance or from loss of non-conforming product. |  |   | There exists disciplinary action taken against non-conforming product. After three warnings, a worker can get termination. |   |                                       | Any warnings should have clear reasons written on it and the defence from the worker should be received. The root causes of the mistakes should be analyzed. Prevention and improvement measures should be taken to eliminate the root causes. Worker who made the mistake should be trained.   | 1-Jun-07  | We are training our workers about their jobs and as a result of these trainings we are expecting them to do their jobs correctly. If a worker makes mistakes for more than one time, we are still training together but also giving a warning. If the worker does not improve himself, then after 3 warnings, the worker can get a termination which we think that it is normal. Also, during the termination defenses are taken from all employees except the ones in the probationary period.   | Termination documents and warnings are randomly checked. All the checked documents include the defenses of the employees in their own hand writing and also supporting documentation such as pictures of defects. Defenses are not taken from the employees who are in the probationary period.   | Samples of termination documents           | Completed                   |                                  |  |  |               |  |
| <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.  |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| Fire Safety & Health and Safety legal requirements; also Occupational Permit Regulation.   | Labor Law Article 77 mentions Health and Safety requirements; also Occupational Permit Regulation. | Employer will comply with applicable health and safety laws and regulations. In any case where laws and codes of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.  | There exists no creche facility as required by regulations and thus the occupational permit is not yet received from Ministry of Labor.   |   |  | The inspector's report was seen.                                |  |   |                                       | 1. The factory should add in their Three Year Compliance Plan either to open a child care facility at their premises or sign an agreement with an existing child care facility in the region.<br>2. The factory has applied for the training for the specialist. They are still on the waiting list. The regulation about hiring an HSE specialist is on hold at the moment due to some objections for some of the parties.<br>The factory will either make their factory specialist get the training and become certified or will make an agreement with an external consultant. | 1. December 2006<br>2. December 2007              | 1. We have conducted a survey to understand the need for a creche. According to the survey, some of the employees stated that they can send their children to creche. The number of children that can be sent will be 17 (aged between 3-6). Since the population is spreaded in the area and the children are taken care of mostly by the other family members, there is no ready a creche need. Also, it is stated that with a new regulation, the creche requirement will not exist.<br>2. The work permit cannot be received due to 2 outstanding topics. One is creche and the other is lack of health and safety specialist. We have applied for the training for the specialist. We are still on the waiting list. | 1. Factory added child care facility in their Compliance Plan, so they committed to close this issue.<br>2. Factory has applied for the training. They are on the waiting list. If until the deadline, factory is not able to get his HSE specialist certified, then they will hire an external consultant  |  | Pending                     |                                  |  |  |               |  |
| Chemical Management  | Labor Law Article 77 mentions Health and Safety requirements                                       | 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.   | The MSDS of some stain removal chemical are not available. There is no hazard label on the barrels.   | Site tour observation   |  |   |  |   |                                       | The training and the verbal warning is provided to the related parties. The hazard label and the missing MSDS is provided. The remediation activity will be verified by Nike with a visit.  | 1-Jun-07  | Every chemical in general in the factory has MSDS and they are posted in the workplace. The one that has not MSDS will be provided. There is no hazard label only on the small container that is used for transporting the TCE.   | During the site visit, all the MSDS were posted in areas where chemicals are used. Training was given to the employees.   | Training document and signed attendee list | Completed                   |                                  |  |  |               |  |
| Other  |  |  | The LPG tank area fence door was open during audit.   | Site tour observation   |  |   |  |   |                                       | The door of the LPG tank will be closed. The key is given to a dedicated person who will be responsible for that area. Also the Administrative Manager has a spare key of the area in his room. The area will be checked by Nike with a visit.  | 1-May-07  |   | During the visit, the door of the LPG tank was locked. The key is kept by the person responsible for that area. One spare key is kept by the Admin Manager.   |  | 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  |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| <b>8. Wages and Benefits</b>   |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| Employers recognizes 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.  |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| False Payroll Records  |  | Employees will not use hidden or multiple payroll records in order to hide overtime, to falsify demonstrate hourly wages, or for any other fraudulent reason.  | OT paid are correct but not included in official payrolls. Also performance incentive payments are paid together with OT and not included in official payrolls, either.   |   |  | Social security payrolls, time cards, real payrolls, interviews |  |   |                                       | Starting from April 2007, all premiums will be included in the payrolls. It will be verified by Nike with a visit.  | Remediation: 1-May-07<br>Verification: 1-Jun-07   | The overtime paid to the workers are shown/included in the official payrolls. In 2006, there were 2 premium payments that were not included in the payrolls. It was to measure the motivation of the employees.   | Overtime payments are included in the official payrolls. The factory is not paying premiums, however they committed to include them in the official payrolls when they pay premiums.  |  | Completed                   |                                  |  |  |               |  |
| <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. |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |
| Overtime Limitations   |  | 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 | There is overtime exceeding legal annual limit which is 270 hours and daily working hours also performance incentive payments are paid together with OT and not included in official payrolls, either.                              | Time cards, payroll records   |  |   |  |   |                                       | The factory will monitor the workers not to work for more than 11 hrs/day. For the annual limit, the factory will continue to review it periodically. The manager and all the workers will be trained about this subject. Training notes with participants' signatures should be filed. The daily and annual overtime of maintenance department will be reviewed periodically and in case where overtime needed, the overtime will be arranged with more even distribution.   | 15-Jun-07   | The overtime limit of 270 hours per year is exceeded by employees. The total average number of employees in the factory is 480 so the percentage is 11%.  | The factory is monitoring overtime daily, weekly, monthly and annually. The overtime reports were checked during our visit. All the employees and managers had a training on the overtime limits and the implementation. The working schedule of the maintenance department was rescheduled. These employees will only do 2 hours of overtime in a week which does not exceed any limits of OT. The time card information of maintenance employees were randomly checked. | Sample of training document                | Completed                   |                                  |  |  |               |  |
| <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>   |  |  |   |   |  |   |  |   |                                       |   |   |   |   |  |                             |                                  |  |  |               |  |