

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		07031625D																	
IEM		Global Standards																	
Date(s) in facility		Julv 25-26, 2005																	
PC(s)		Nike, Inc., Reebok International Ltd., adidas AG																	
Number of workers		1124																	
Product(s)		Garment																	
Production processes		cutting, sewing, ironing, inspection, packing																	
FLA Code/ Compliance Issue	Country/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Source/Documentation used for corroborating	Notable Features Implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Company follow up (9/20/05)	Documentation	Updates (15 Feb. 2006)	Documentation	Company Follow up (8 June, 2006)	Documentation	Updates (September 2006)	Documentation	Status
1. Code Awareness																			
Worker/management awareness of Code		<p>FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards only 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.</p> <p>Workers are not aware of CoC, even though the factory provides trainings on SA8000.</p> <p>Worker interview, management interview</p> <p>PC to provide training to record review and update on CoC. Management to provide ongoing training schedule of CoC to workers. Maintain records of training provided.</p> <p>30-Nov-05 PC has provided training to management and workers on CoC. Management to provide ongoing training schedule of CoC for workers.</p> <p>Factory management has set up CoC training schedule and implemented CoC training for workers on a regular basis since Nov. 2005.</p> <p>Training records</p> <p>PC has provided CoC training to factory management and compliance team. Factory has included CoC training into the new staff orientation program and implemented it in 2006.</p> <p>Training record, worker handbook</p> <p>Completed</p> <p>PC has been providing CoC training to factory management and compliance team. Factory has included CoC training into the new staff orientation program and implemented it in 2006.</p> <p>Training record, worker handbook</p> <p>Completed</p>																	
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 than 15.																			
4. Harassment or Abuse																			
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		<p>Employers will not use monetary fines and penalties for poor performance</p> <p>If workers do not wear factory card or make other mistakes they will receive demerit points, and points will translate into monetary fines, the accounting department will deduct the fees directly from workers' wages.</p> <p>Worker interview, management interview, record review</p> <p>Factory has already returned the deductions incurred in May/June (when demerit system started) and issued a formal announcement of abolishing the system on 04 August.</p> <p>1-Sep-05 Factory has already returned the deductions incurred in May/June (when demerit system started) and issued a formal announcement of abolishing the system on 24 August.</p> <p>Fly management announcement, deduction refund and name list (with workers' signatures)</p> <p>Factory has been implementing proper disciplinary system and stopped such financial deductions. Interview with workers and management confirmed such corrective action.</p> <p>management interview, worker interview</p> <p>Completed</p> <p>Factory has been implementing proper disciplinary system and stopped such financial deductions. Interview with factory management confirmed no such financial deduction occurred in 2006.</p> <p>Management interview</p> <p>Completed</p>																	
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.																			
Hiring Discrimination Practices		<p>Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.</p> <p>The factory only hires workers from 18 to 28 years old in inspection section.</p> <p>Visual inspection, record review, management interview</p> <p>Factory to update hiring policy & procedures and provide necessary training to related supervisors/managers to ensure proper control on hiring activities against any discriminatory practice, including age.</p> <p>30-Nov-05 No progress</p> <p>Factory has updated hiring policy to ensure non-discrimination in the hiring process and has communicated the policy update to related supervisors and managers to ensure non-discriminatory hiring practices.</p> <p>Worker handbook, meeting minutes</p> <p>Factory has updated hiring policy to ensure non-discrimination in the hiring process. Interview with factory management confirms they have a good understanding of CoC requirement on discrimination. Review of recruitment documentation does not identify any discriminatory practice.</p> <p>Recruitment documentation, management interview</p> <p>Completed</p> <p>Factory has been practicing updated hiring policy to ensure non-discrimination in the hiring process. Interview with factory management confirms they have a good understanding of CoC requirement on discrimination. Review of recruitment documentation does not identify any discriminatory practice.</p> <p>Recruitment documentation, management interview</p> <p>Completed and ongoing</p>																	
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 Procedures		<p>All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unlocked exits/doors, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures</p> <p>Found the sewing department is overcrowded</p> <p>Visual inspection</p> <p>Management to develop system to ensure adequate spacing in sewing department. H&S team to regularly check that aisles and workspaces are free of obstruction and that sewing department layout allows for adequate emergency evacuation.</p> <p>1-Sep-05 Management has developed system to ensure adequate spacing in sewing department. H&S team is regularly checking that aisles and workspaces are free of obstruction and that sewing department layout allows for adequate emergency evacuation.</p> <p>Picture</p> <p>Workstations on GF are crowded as factory is expanding production and new production facilities have not been approved for use. Factory management will re-align the production floor set-up by the end of June.</p> <p>Pending</p> <p>Factory management has re-arranged production lines to provide adequate space for all workstations in both production buildings.</p> <p>Photo</p> <p>Completed</p>																	
Safety Equipment		<p>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</p> <p>Found first aid kits locked - they put the key aside, but we found that the key was missing during the audit.</p> <p>Visual inspection</p> <p>Factory has assigned at least 4 key keepers for each individual first aid kit to ensure key availability whenever a first aid kit need be in use. The key keepers names are listed and posted nearby the kit.</p> <p>1-Sep-05 Factory has assigned at least 4 key keepers for each individual first aid kit to ensure key availability whenever a first aid kit need be in use. The key keepers names are listed and posted nearby the kit.</p> <p>Key keeper name list</p> <p>Factory has assigned at least 4 key keepers for each individual first aid kit to ensure key availability whenever a first aid kit need be in use. The key keepers names are listed and posted nearby the kit.</p> <p>Completed</p> <p>Factory has assigned at least 4 key keepers for each individual first aid kit to ensure key availability whenever a first aid kit need be in use. The key keepers names are listed and posted nearby the kit.</p> <p>Completed</p>																	
PPE		<p>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.</p> <p>Found spot cleaning workers do not use mask during operation, although factory provides mask for them.</p> <p>Visual inspection</p> <p>Factory has stopped manual handling of spot cleaning and replaced spot cleaner with washing machine (cleaning with water).</p> <p>1-Sep-05 Factory has stopped manual handling of spot cleaning and replaced spot cleaner with washing machine (cleaning with water).</p> <p>Picture</p> <p>Factory has applied industrial detergent to spot cleaning and workers are provided with proper PPE in handling the industrial detergent.</p> <p>Completed</p> <p>Factory has been using washing machine to clean spots in finished products and workers are provided with proper PPE in handling the industrial detergent.</p> <p>Completed</p>																	
Chemical Management		<p>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</p> <p>The spot cleaner should not be exposed under the sun light, it should be stored under a ventilated/covered area. Although factory mention that this is only a temporary storage place.</p> <p>Visual inspection</p> <p>Factory has stopped manual handling of spot cleaning and replaced spot cleaner with washing machine (cleaning with water).</p> <p>1-Sep-05 Factory has stopped manual handling of spot cleaning and replaced spot cleaner with washing machine (cleaning with water).</p> <p>Picture</p> <p>Factory has applied industrial detergent to spot cleaning and workers are provided with proper PPE in handling the chemicals.</p> <p>Completed</p> <p>Factory has been using washing machine to clean spots in finished products and workers are provided with proper PPE in handling the industrial detergent.</p> <p>Completed</p>																	
Machinery Maintenance		<p>All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner</p> <p>Found Lift door can open manually by workers.</p> <p>Visual inspection</p> <p>Factory has redesigned lift door control system, which can not be opened manually.</p> <p>1-Sep-05 Factory has redesigned lift door control system, which can not be opened manually.</p> <p>Picture</p> <p>The lift is not opened manually, and factory is planning to replace the old lift.</p> <p>Completed and ongoing</p> <p>Factory has removed the old lift and is installing a new one.</p> <p>Pending</p>																	
Sanitation in Dormitories		<p>All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills should also be conducted at least annually</p> <p>Dormitory rooms are very dusty.</p> <p>Visual inspection</p> <p>Factory has cleaned the building walls and started inspecting dorms monthly and rewarding the two best dorms</p> <p>1-Sep-05 Factory has cleaned the building walls and started inspecting dorms monthly and rewarding the two best dorms</p> <p>Picture</p> <p>Factory has been conducting regular inspection on dorm condition, and is planning to move some workers into the new dorm building.</p> <p>Completed</p> <p>Factory has renovated the old dorm building and new dorm building is already in use.</p> <p>Completed</p>																	

FLA Code/ Compliance Issue	Country/Legal Reference	FLA Benchmark	Non-compliance	IEM Findings			Source/Documentation	Notable Features Implemented by Factory Management or Company	PC Remediation plan	Remediation	Updates (18 Feb. 2006)	Updates	Updates	Updates	Updates	Updates				
				Risk of Non-compliance	Evidence of Non-compliance (uncombarated)	If not corroborated, explain why	Source/Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation plan	Target Completion Date	Company follow up (02/05)	Documentation	Company Follow up	Documentation	Company Follow up (6 June, 2006)	Documentation	Company Follow up (September 2006)	Documentation	Completed/ Pending/ Ongoing	
7. Freedom of Association and Collective Bargaining																				
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																				
<p>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 strikes. 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.</p> <p>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.</p>																				
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																				
Deduction for Services																				
<p>Deductions for services to employees will not exceed the cost of the service to the employees. If questioned, employers will demonstrate the reasonableness of these charges</p> <p>If any workers whose actual hourly rates are below minimum hourly rate (based on piece counts), the factory will deduct more fees from those workers wages than workers who attain targeted rates, for example, workers whose hourly rates are over minimum rate pay 90 RMB per month, while those workers whose hourly rates are under minimum rate will pay up to 200 RMB (as meals deduction) depending on how much they earn per hour.</p> <p>worker interview, management interview, record review</p> <p>Factory started to implement this system since May 2005. Factory has abolished the unfair deductions and issued a policy that all workers will pay RMB90 for meals and RMB20 for dorm per month from August 2005. Factory has refunded the excessive meal charge to workers. Workers were communicated with the policy.</p> <p>09/01/05 Factory started to implement the system since May 2005. Factory has abolished the unfair deductions and issued a policy that all workers will pay RMB90 for meals and RMB20 for dorm per month from August 2005. Factory has refunded the excessive meal charge to workers. Workers were communicated with the policy.</p> <p>Policy issued by factory management; meal charge refund name list (with workers' signatures)</p> <p>Factory has abolished the unfair deductions and issued a policy that all workers will pay RMB90 for meals and RMB20 for dorm per month from August 2005. Factory has refunded the excessive meal charge to workers. Workers were communicated with the policy. Interview with workers and factory management confirms factory has been sticking to the new policy.</p> <p>Management interview, worker interview</p> <p>Completed</p> <p>Factory is still exercising the new policy that all workers will pay RMB90 for meals and RMB20 for dorm per month. Workers have been communicated with the policy.</p> <p>Management interview, record review</p> <p>Completed</p>																				
Legal benefits																				
<p>Article 72, PRC Labor Code, the sources of social insurance funds shall be determined according to the branches of insurance, and an overall raising of social insurance funds shall be practiced step by step. The employing unit and laborers must participate in social insurance and pay social insurance premiums in accordance with the law.</p> <p>Employers will provide all legally mandated benefits to all eligible workers</p> <p>The factory only buys social insurance for 39 workers.</p> <p>Worker interview, management interview, record review</p> <p>Factory plans to provide insurance coverage on all employees.</p> <p>30-Nov-05 Factory plans to provide insurance coverage on all employees starting January 2006.</p> <p>Factory has provided insurance coverage to all workers, to protect them from any work injuries, accidents, medical expenses, or maternity.</p> <p>Insurance registration form, insurance payment scheme, and insurance policy</p> <p>Factory has provided work injury insurance to all staff, and provided medical care and maternity benefits to all staff. Review of insurance policy, payment record, and factory policy confirms the above practice, on top of interview with workers and management.</p> <p>Interview with workers/management, insurance policy, insurance payment record, worker handbook</p> <p>Completed</p> <p>Factory has been providing work injury insurance and medical care to all staff. Interview, insurance policy, insurance payment record, worker handbook</p> <p>Completed</p>																				
Other: Legal Compliance																				
<p>No. 488, under the Temporary Provision of Salary Payment, Article 15, the employee should not deduct from the worker's salary for the following circumstances: 1) personal income tax 2) social insurance not afforded by the individual 3) the fee/retiree requested in a judgment/trial 4) other expenses as ruled by law.</p> <p>The factory directly deducts fees for dormitory and monetary fines from workers' wages without workers' agreement.</p> <p>Worker interview, management interview, record review</p> <p>Factory to obtain workers' authorization in writing for deduction of dorm charge and other charges imposed by local government. Documentation of worker's authorization will be maintained on file.</p> <p>30-Nov-05 Factory plans on developing system to obtain workers' authorization in writing for deduction of dorm charge and other charges imposed by local government. Documentation of worker's authorization will be maintained on file.</p> <p>Factory has obtained workers' agreement in writing on deduction of dorm/meal fee and any other charges imposed by local government.</p> <p>Agreement signed by workers on file</p> <p>Factory has obtained workers' agreement in writing on deduction of dorm/meal fee and any other charges imposed by local government. New workers sign an authorization letter to give their agreement on such deduction of charges on realisation after their probation period.</p> <p>Interview with workers/management, record of authorization letters</p> <p>Completed</p> <p>Factory has obtained workers' agreement in writing on deduction of dorm/meal fee and any other charges imposed by local government. New workers sign an authorization letter to give their agreement on such deduction of charges on realisation after their probation period.</p> <p>Management interview, record of authorization letters</p> <p>Completed</p>																				
9. Hours of Work																				
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																				
Over-time Limitations																				
<p>According to Article 41 PRC Labor Code, the employing unit may extend working hours as necessitated by the production or business operation after consultation with the trade union and laborers, but the extended working hours per day shall generally not exceed one hour, if such extension is needed for special reasons, under the condition that the health of laborers is guaranteed, the extended hours shall not exceed three hours per day. However, the total extension in a month shall not exceed thirty six hours. According to Regulations about Employee Work Time by the State Government, May 1, 1995, Article 43 Employees shall work 40 hours per week, overtime is not to exceed 36 hours per month.</p> <p>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</p> <p>Workers, except for workers in cutting department, work from 60 to 69 hours per week for 1 to 3 weeks in this May, regular and overtime hours allowed by the law of the country while from 60 to 66 hours per week for 1 to 2 weeks in this June.</p> <p>Worker interview, record review</p> <p>Factory will lease extra production facilities to hire more workers and reduce working hours.</p> <p>30-Apr-06 Factory is constructing new production facilities at the moment.</p> <p>Factory plans to test run the new production facility in April 2006. Factory has exercised controls over working hours and workers are working within the work hour limit following PC CoC.</p> <p>Time card records and voluntary overtime form</p> <p>Factory has almost completed constructing the new production facilities, and is in the process of requesting approval from PC's [compliance] Team. Factory has been implementing voluntary overtime form system.</p> <p>Voluntary overtime form and interview with workers and factory management</p> <p>Pending</p> <p>Factory has completed constructing the new production facilities, and is in the process of requesting approval from PC's [compliance] Team. Factory has been implementing voluntary overtime form system.</p> <p>Photo, voluntary overtime record</p> <p>Pending</p>																				
10. Overtime Compensation																				
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.																				