

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	440015463E
IEM	A.L.G.I.
Date(s) in facility	6 & 7 November 2006
PC(s)	Hennes & Mauritz AB
Number of workers	125
Product(s)	Hats, gloves and scarf
Production processes	Knitting, sewing, ironing and packing

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings			PC Remediation plan	Remediation			Status	Updates (Cite Date of Follow up)		Third-Party Verification (Date)	Company Verification Documentation	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation	
					Evidence of Non-compliance (un corroborated)	If not corroborated, explain why	Sources/Documentatio used for corroborating		Notable Features implemented by Factory Management or Company	PC Internal audit findings (Optional)	Target Completion Date		Factory Response (Optional)	Company follow up (Cite date of follow up)					Documentation
1. Code Awareness																			
Code posting/information		FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	H&M Code of Conduct was not posted in the factory.				Factory tour		Generally we do not require our Code of Conduct to be posted in the factory. In the case a factory produces for different buyers it might be confusing for the workers. Instead we encourage the factories to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers, for example through a handbook for the workers or on the notice board.	On-going									
Worker/management awareness of Code		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 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.	Participating company (H&M) has not trained management or employees on the Code.				Management interview		Factory management will receive renewed training on our Code of Conduct.	Dec-07									
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 non-compliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	No confidential reporting channels has been implemented by participating company.				Management interview and factory tour		During our audits and discussions with the factory, H&M primarily encourage them to develop and deepen its own confidential non-compliance system. We support the factory in building a dialogue system within the factory in order to have a forum for the workers to communicate grievances to the management. During our audits we regularly check the function of these systems. At all H&M audits we conduct worker interviews. During these confidential, one-to-one interviews, our contact information is provided to the workers in order for them to be able to contact with us to put forward their grievances directly to us. We have decided to establish a hotline in order to ensure that the workers can put forward confidential complaints directly to H&M. It will be a mobile number that the workers can call or SMS. The mobile number will be printed on business cards that will be provided to the workers during worker interviews.	On-going, hotline June 07									
2. Forced Labor																			
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or																			
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																			
Age Verification		In those cases where proof of age documentation is not readily available, employers will take precautions to ensure that all workers are at least the minimum working age, including medical or religious records, or other means considered reliable in the local context.	Factory does not have a written policy for age verification.				Documentation review and management interview		In order to ensure that the factory does not employ anyone under the legal age of for working, we focus our efforts on training the factory on good recruitment procedures. All workers should be asked to show legal identification documents before admitted to the factory. This is followed up during each audit through checking samples of workers ID and making sure that a proper recruitment system is running in the factory.	Apr-07									
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 of abuse.																			
Disciplinary Practices	Art. 4 of PRC Labor Law: The employer shall establish and perfect rules and regulations in accordance with law and guarantee that laborers enjoy labor right and fulfill labor obligations.	Employers will utilize consistent written disciplinary practices that are applied fairly among all workers.	The factory does not have a written policy or procedures for handling discipline.				Documentation review and management interview		During audits and discussions with the factory, we encourage them to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers. These should include all disciplinary procedures, including procedures for hiring and termination in place in the factory, as well as policies on non-discrimination, abuse and harassment. We do not accept monetary penalties, but do instead encourage the factory to work with incentive based systems. Records of disciplinary actions should be kept in the factory for review. We will initiate a dialogue with the factory regarding this and it will be systematically checked during coming audits and follow up at the factory.	Apr-07									

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			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	Factory Response (Optional)	Company follow up (Cite date of follow up)		Documentation	Company Follow up	Documentation	External Verification (Date)	Documentation	Company Follow up (Cite date of planned or follow up visit, if appropriate)	Documentation		
Policy				1. Facility has no written policy regarding prohibition of Harassment or Abuse. 2. No internal grievance system was observed in the factory.				Documentation review and management interview				Please view above	On-going										
Record Maintenance		Employers will maintain written records of disciplinary actions taken.	No record of disciplinary proceedings were kept by the factory.					Documentation review and management interview				Please view above	Dec-07										
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.																							
Policy	Art. 15 of PRC Labor Law: Laborers shall not be discriminated against in employment due to their nationality, race, gender or religious belief.			Facility has no written policy or procedures regarding Non-discrimination.				Documentation review and management interview				Please view above	Apr-07										
Record Maintenance			The factory does not keep records of terminated/retrained employees.	Factory does not have a policy for termination/retraining for operational purposes.				Documentation review and management interview				Please view above	Apr-07										
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.																							
Fire Safety, Health and Safety legal compliance		Employer will comply with applicable health and safety laws and regulations. In any case where laws and code of conduct are contradictory, the higher standards will apply. The factory will possess all legally required permits.	The amount of the fire extinguishers in the factory is not enough. In some areas, such as the sample room, there is no fire extinguisher at all.				Factory tour					Safety should be upheld in the factory according to local law and our Code of Conduct. The workers should be able to easily evacuate the premises in case of emergency, and the building is to be considered as safe. The factory premises should be equipped with enough and well maintained fire extinguishers. The workers should, at regular intervals, receive training on how to use the fire extinguishers.	Dec-06										
Sanitation in Facilities	Art. 68 of PRC Factory Safety and Sanitary Regulations: The factory should be equipped with bathroom, toilet, dressing room, retiring room and female workers' restroom if needed. Restrooms and other facilities described above should be maintained clean and functional.	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	No soap was provided in any of the bathrooms.				Factory tour					During next audit we will check that soap has been provided in the restrooms and that the factory has a system in place in order to ensure that this practice is maintained on a daily basis.	Dec-06										
Sanitation in Dining Area		All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	The sanitation license of the cafeteria was expired.					Documentation review and management interview				We will remind the factory to apply for the license.	Dec-06										
7. Freedom of Association and Collective Bargaining																							
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																							
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 (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.																					
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																							
Legal benefits		Employers will provide all legally mandated benefits to all eligible workers.	36 out of 125 have been covered by social insurance, which is not in compliance with the regulations.					Documents review and management interview				All workers should be covered by relevant social insurance depending on local regulation.	Apr-07										

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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																			
Overtime Limitations	Art. 41 of PRC Labor Law: Employees should not be allowed to work more than three overtime hours per day and 36 overtime hours per month.	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.	1.The gate keeper works 24 hours in one day, which exceeds the legal limitation (11 hours per day). 2.Though no time records available, as per payroll records review, the monthly overtime working hours of the factory were 52 and 41 in July and August, which exceed the legal limitation. (36 hours per month)			Documentation review and management interview		We require the factory to provide true documentation on salaries and working hours. We will initiate a dialogue with the factory on the cause of the fake documents and the excessive overtime. The aim is for the factory to establish a system to reduce the overtime in a sustainable manner. The longterm aim is to, through improved production planning and efficiency, steadily reduce the overtime hours in order to meet the legal limit of overtime hours per month. In the short term, we require the factory to make sure that they can ensure that the workers may have one day off per week, and reduce the number of overtime hours in the weekdays. The factory should ensure that all workers have enough time to rest between each workshift.	On-going										
Record Maintenance		All compensation records will be maintained accurately and should be acknowledged by the employee as accurate.			Factory cannot offer any time records, so the audit team cannot judge the condition of working hours issues.	Factory stated that the person responsible for this was out of the office, so the time records were not available.	Documentation review and management interview	The factory is required to keep records of paid salaries and working hours for one year available for review at any time.	Dec-07										
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.																			
Miscellaneous																			
Homework			Factory utilizes homework for sewing process without any contract or regulation.			Documentation review and management interview		Before the factory start[s] using a homeworker, the factory and the workers should make a clear agreement on the conditions for the work, such as payment, material cost, damage etc.	On-going										