

*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	MEXICO
Factory name	07025021B
IEM	ALGI
Date of audit	6/5/03
PC(s)	Reebok International Ltd. , NIKE, Inc.
Number of workers	276
Product(s)	T-shirts
Production processes	Textile, dyeing, cutting, inspection, packing
Other brands in factory	

FLA Code/ Compliance Issue	Country Law/Legal Reference	Findings				Remediation			Updates			Verification
		FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Completion Date	Documentation	Factory Response	PC follow up	Documentation	External Verification
<b>1. Code Awareness</b>												
<b>2. Forced Labor</b>												
<b>3. Child Labor</b>												
<b>4. Harassment or Abuse</b>												
<b>5. Nondiscrimination</b>												
<b>6. Health and Safety</b>												
Fire Safety/Evacuation Procedures		All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	There are no delimitation lines with yellow paint and evacuation plan.			Contractor must paint floor markings leading to emergency exits. Floor lines and arrows to delimitate aisles and indicate the evacuation routes. Besides that, contractor needs to post the emergency action plan and escapes routes on bulletin boards and/or centrally located for all employees to see it.	5-Aug-03	Documentation attached				
Fire Safety/Evacuation Procedures	In accordance to the Mexican Health and Safety Regulation, Article 28, Section IV, the employer is responsible for providing visible or audible signals to prevent and protect in cases of emergency.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	During the factory tour it was noted that there was no fire alarm.			Contractor must provide alarm system to warn employees of necessary action to be taken.	5-Aug-03	The factory is installing the alarm system as a complement of the security system which cameras and sensors have been installed.	Factory states that alarm system installation was completed in Dec 03.	Proper operation of alarm completed per factory statement.		
Fire Safety/Evacuation Procedures	In accordance with the Health and Safety Norm NOM-002-STPS-2000, Section 9.1.4, line (b), evacuation routes must be free from obstruction.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	During the facility tour it was noted that in the production area evacuation routes were blocked			Ensure escape routes are kept clear of obstructions and accessible at all times.	5-Aug-03	Documentation attached				
Fire Safety/Evacuation Procedures	In accordance with the Mexican Health and Safety Norm 002, Section 9.1.4.b, aisles, passages, ramps and stairways must be free from obstacles that restrict employee transit.	All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, unblocked aisles/exits, employee education, evacuation procedures, etc.) shall be complied with and workers shall be trained in proper safety, first aid, and evacuation procedures.	It was noted during the facility tour that the production aisles were obstructed.			Ensure production aisles are maintained clean and clear of obstructions at all times.	5-Aug-03	The factory installed new racks in the production areas in order to keep aisles free of obstructions.				
Safety Equipment	In accordance with Mexican Health and Safety Norm 002, fire extinguishers should have a maximum height of 1.5m from the floor to the top of each extinguisher and no less than 10 cm from the fire extinguisher bottom, correctly charged and free to reach, not blocked.	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.	Fire extinguishers were not properly installed.			Ensure all fire extinguishers are mounted on the wall and properly installed.	5-Aug-03	The extinguishers were installed and marked as appropriate.  Documentation attached				
Safety Equipment		All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be in place, maintained as prescribed and accessible to the employees.	First aid kit was missing certain items.			Ensure first aid kits are accessible to each work area and with all the necessary supplies available.	5-Aug-03	Documentation attached				

FLA Code/ Compliance Issue	Country Law/Legal Reference	Findings				Remediation			Updates			Verification
		FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Completion Date	Documentation	Factory Response	PC follow up	Documentation	External Verification
PPE	In accordance with Health and Safety Regulation, Article 101, the employer should provide personal protective equipment to the employees, after performing an analysis to determine what kind of risk the employees are exposed to.	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.	During the factory tour it was noted that Personal Protective Equipment was lacking.			Ensure the proper PPE is available for workers to wear it. Also, contractor should post signs in all areas where PPE is required reminding workers to wear it and all employees must have training documented on PPE.	5-Aug-03	The factory followed all the recommendations regarding the acquisition of PPE for the employees. It needs to be verified on following visits if the employees are actually wearing the proper PPE.  Documentation attached	The factory followed all the recommendations regarding the acquisition of PPE for the employees. It needs to be verified on following visits if the employees are actually wearing the proper PPE.  Documentation attached	PPE acquisition completed per factory statement and attached documentation. PC to follow up on training and use. PC has engaged Reebok who has intervened to add additional leverage to further facilitate corrective action by the factory on open issues.		
Ventilation/Electrical/facility maintenance		All ventilation, plumbing, electrical and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility.	There is poor ventilation due to high temperatures in enclosed area with excessive fumes.			The company should have adequate ventilation and/or exhaust system in order to have productive and safe working conditions for employees, avoiding high temperatures and overexposure to fumes.	5-Aug-03	The factory required to a contractor to do the appropriate assessments for the ventilation systems and it is waiting for the estimation costs.		Estimates on ventilation system have been received by factory in Dec 03. Factory has yet to commit to remediation of this concern. PC has engaged Reebok who has intervened to add additional leverage to further facilitate corrective action by the factory on open issues.		
Ventilation/Electrical/facility maintenance	In accordance with the Mexican Norm 001 SEMP 1994, Article 110-16, electrical equipment must have enough surrounding working area to ensure quick and secure operation and maintenance.	All ventilation, plumbing, electrical, and lighting services shall be provided and maintained to conform to applicable laws and prevent hazardous conditions to employees in the facility	Electrical panels were obstructed. Electrical equipment is not grounded to prevent injury or fire.			Ensure all electrical panels are marked with floor lines (1 meter clearance on all sides), accessible and free of obstructions. Also electrical equipment must be grounded to prevent fire hazard.	5-Aug-03	Documentation attached				
Chemical Management	In accordance with Mexican Health and Safety Regulation, Article 62, the employer is responsible that all materials and chemical substances be labeled, mentioning the level of risk and is also obliged to inform all employees of the preventive and corrective measures for handling, transport and storage in accordance with the norms.	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.	During the factory tour it was noted that the several chemical substances were not labeled / without a Material Safety Data Sheet attached / stored in an inappropriate area.			Ensure all chemical containers are properly labeled including secondary containers. / Please ask suppliers for MSDS for ALL chemicals being used in the factory and place copies of them in the storage area as well as the production floor. / Contractor must have proper storage areas for chemicals products, separated from production areas and maintain those areas clean and orderly. The area must be covered with a roof, have fire safety protection nearby and appropriate ventilation.	5-Aug-03	The factory is following the recommendations regarding the safety standards for the chemicals areas (handling, use and storage). In the next few weeks it will be installed an eye wash station.	Factory states that an eye wash station has been installed in close proximity of chemicals, and that all recommended safety standards are now being followed.	Completed per factory statement. PC to follow up.		
<b>7. Freedom of Association and Collective Bargaining</b>												
<b>8. Wages and Benefits</b>												
Payroll Reporting		Wages and Benefits: Accurate and reliable payroll reporting, including pay stubs will be provided.	During the records review it was noted that the many workers were not paid correctly. The employer and the employees have an agreement to pay some wages in cash in order to reduce tax liability to both.			The contractor must register the accurate wages paid to the employees due to regular and overtime compensation in each period in the payroll and bookkeeping records. Contractor must properly calculate and records in full and in a timely manner employees' earned wages according to local law. Also the contractor must do the accurately calculation and registration of the corresponding taxes.	5-Aug-03	The factory stated that they do not have such practice. The management said that all payments to the workers are registered and that the factory has a payroll system subjected to be audited. It should be verified in following audits.		Nike clarified citation to factory and brought factory to an understanding that actual non-compliance focused on incorrect categorization of OT premium payment as a bonus. After, facility sent attached information as evidence of correction, and stated that since Sept 03, OT is appropriately reflected in payroll as an Overtime premium and not as a bonus.		

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<b>9. Hours of Work</b>												
Overtime Limits	In accordance with Mexican Labor laws the number of OT hours is limited to 3 per day and no more than 3 times per week (Art. 66). If exceeding 9 hours per week, OT hours should be compensated at a 200% rate (Art. 68).	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	It was noted during the payroll review that several employees had exceeded overtime limits.			Ensure follow Nike Standard regarding overtime: "Nike's limit for hours of work is no more than 60 hours per week on a regularly scheduled basis which means no more than 25% of any 12-week period and due to extraordinary circumstances". Under extraordinary circumstances, when hours of work exceed 60 per week, the contractor must obtain each employee's signature of voluntarily statements on a weekly basis. Any work beyond 60 hours must in every case be voluntary and properly documented.	5-Aug-03	The factory has the commitment to comply with the work hours limits and they are starting the process of reducing overtime. The factory will send documentation in the next weeks as an evidence of compliment.	Factory has committed to comply with work hour limits and they are starting the process of managing capacity and personnel to reduce OT hours.	Factory has sent attached documentation as evidence of effort to reduce OT Hours. PC has engaged Reebok who has intervened to add additional leverage to further facilitate corrective action by the factory on open issues.		
<b>10. Overtime Compensation</b>												
Overtime Compensation	In accordance with the Mexican Labor Law, Article 67 and 68, overtime hours must be paid 100% more than a regular working hour, and if overtime that exceeds nine hours a week must be paid 200% more than a regular working hour.	The factory shall comply with applicable law for premium rates for overtime compensation	During the records review it was noted that the many workers were not paid correctly. The employer and the employees have an agreement to pay some wages in cash in order to reduce tax liability to both.			The contractor must register the accurate wages paid to the employees due to regular and overtime compensation in each period in the payroll and bookkeeping records. Contractor must properly calculate and records in full and in a timely manner employees' earned wages according to local law. Also the contractor must do the accurately calculation and registration of the corresponding taxes.	5-Aug-03	The factory stated that it has been always in compliance and that all wages and taxes are registered as appropriate. It should be verified in following visits.		Nike clarified citation to factory and brought factory to an understanding that actual non-compliance focused on incorrect categorization of OT premium payment as a bonus. After, facility sent attached information as evidence of correction, and stated that since Sept 03, OT is appropriately reflected in payroll as an Overtime premium and not as a bonus.		
<b>Miscellaneous</b>												