

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 IEM Profile	
Country	China
Factory name	07001582B
IEM	Kenan Institute Asia
Date of audit	14-Aug-03
Days in the facility	2 days
PC(s)	Nike, Inc.
Number of workers	1700
Product(s)	Sportswear
Production processes	Assembly line
Other brands in factory	

FLA Code/ Compliance issue	Legal Reference / Country Law	Findings				Remediation				Verification	
		FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion	Factory Response	PC follow up	Documentation	Monitor Observation (1/19/2003)
1. Code Awareness											
Confidential non-compliance reporting channel		FLA Principles of Monitoring, Obligations 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 suggestion box at the factory. But workers reported that many workers put letters into the box, but could not get feedback from the management.	management interviews, worker interviews		Factory must give more training to both workers and management on proper grievance procedures.	Oct-03	Factory will give more training to employees about grievance handling procedures. Will post instruction posters besides suggestion boxes. Management will also post feedback to worker's suggestions on display board or inform concerned workers verbally.	Upon visit to factory, PC has verified completion.	See Attached Documents	The worker interviews proved that workers know the grievance handling procedures well. Auditors saw the posters beside the suggestion boxes during visual inspection. The management also posted feedback to workers' suggestions on a display board.
2. Forced Labor											
3. Child Labor											
4. Harassment or Abuse											
Verbal abuse		Employers will prohibit screaming, threatening, or demeaning verbal language	The supervisor would yell at the workers. One time a workers was yelled at to the point of crying by the supervisor.	worker interview		Factory must train supervisors on proper disciplinary procedures.	Oct-03	Factory will give training on proper disciplinary procedures to supervisors. Factory will re-issue the human rights policy of factory to employees as review material.	PC has visited the factory and verified that supervisor training has been completed. Feb 2004 Update: Completed Training conducted on Feb 04, 2004. See Photo attached	See Attached Documents	The factory showed the auditors a plan for training the supervisors on proper disciplinary procedures in January 2004.
Monetary Fines and Penalties	Article 50 Wages shall be paid monthly to labourers themselves in the form of cash. The wages to be paid to labourers shall not be embezzled nor the payment thereof delayed without justification.	Employers will not use monetary fines and penalties for poor performance	Once workers are late for work three times, the factory will deduct wages equal to one days pay.	worker interviews		Factory must not deduct worker's wages for disciplinary purposes.		Since 2002 factory has implemented the policy that if workers are late, factory will give them a warning letter. Factory has not deducted worker's wages if a worker is late..	PC has verified through factory visit that worker's wages are not being deducted for tardiness. Feb 2004 Update: Factory is using their public board to reinforce worker's awareness of factory rules. See Photo Attached	See Attached Documents	There is no evidence to show that workers' wages are being deducted for tardiness. And with the new Nike regulations, this is not allowed. But, worker interviews evidence that workers still are not familiar with factory rules.
5. Nondiscrimination											
Pregnancy Testing		Employers will not use pregnancy tests or the use of contraception as a condition of hiring or of continued employment. Employers will not require pregnancy testing of female employees, except as required by national law.	Female workers have to receive pregnancy testing. If they were pregnant, the factory would not hire them.	worker interview		Factory must not require job applicants to take a pregnancy test as part of the hiring process.	Oct-03	In accordance with the statement on factory's recruitment advertisement, candidates should have health check-up at hospital in advance and should bring the results to the factory when they appear for interview. As the check-up format shows, none of the items relating to pregnancy is included. Factory has not made pregnancy testing part of the hiring process. We have also explained to auditors that our factory has been surveying the existing employees for pregnant workers. This is done to control O/T hours for pregnant employees with the purpose of meeting the special protection clause in the China Labor Law. It may be possible that some interviewed employees misunderstand the questions from the auditors.	PC has verified that factory has never made pregnancy testing a condition for female employee recruitment. Factory conducts a monthly pregnancy survey for all current employees with the purpose of controlling working hours for pregnant workers to comply with China Labor Law clause which mentions 7- month pregnant workers must not work beyond normal hours. Feb 2004 Update: Factory is using their public board to clarify the misunderstanding about factory policies and practices. See attached photos.	See Attached Documents	Although, there is no evidence that there is pregnancy testing in the factory, during workers interviews some workers still report that there is pregnancy testing in the factory. The factory might need to train workers on the purpose and intent of physical examinations.
6. Health and Safety											
Evacuation Procedure	Article 54 The employing unit must provide labourers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labour protection, and provide regular health examination for labourers engaged in work	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	One worker said that there were no evacuation or fire fighting drills. Many workers said there were fire fighting and evacuation drills at the factory. But the frequency of the drills the workers mentioned is very different.	worker interview, records review and visual inspection		Factory must conduct fire drills on a regular basis.	Oct-03	It is possible that the newly hired workers only took part in the drill once so their understanding is that the factory only did the drills once per year. Workers who have worked at the factory several years clearly know that factory performs the drills at least twice a year. Factory has already shown auditors all the records with photos about fire fighting drills and evacuation drills for all of employees.	PC has verified that factory has performed evacuation and fire drills twice a year.	See Attached Documents	Although, many workers still cannot confirm how many fire fighting drills there are per year, they reported at least 3 or 4 times a year. A November drill (2003) was recorded with photos.
Safety Equipment	Article 54 The employing unit must provide labourers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labour protection, and provide regular health examination for labourers engaged in work	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	Some emergency lights are not functioning in the visual inspection.	visual inspection		Factory must fix the emergency lights which were found to not function.	Oct-03	Factory will fix the emergency lights in question which do not function.	PC has verified that the emergency lights which were not functioning during the audit have been fixed.	See Attached Documents	All emergency lights were functioning during visual inspection.

FLA Code/ Compliance issue	Findings					Remediation				Verification	
	Legal Reference / Country Law	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion	Factory Response	PC follow up	Documentation	Monitor Observation (1/19/2003)
Ventilation/Electrical/facility maintenance	Article 54 The employing unit must provide labourers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labour protection, and provide regular health examination for labourers engaged in work	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	The extinguishers in the storehouse are not appropriate.	visual inspection		Factory must install the appropriate extinguishers in the storehouse.	Oct-03	Factory will install the proper extinguishers in the storehouse.	PC has verified that factory has installed four additional appropriate extinguishers in the storehouse.	See Attached Documents	Auditors verified this issue.
Sanitation in Facilities	Article 54 The employing unit must provide labourers with occupational safety and health conditions conforming to the provisions of the State and necessary articles of labour protection, and provide regular health examination for labourers engaged in work	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	The ventilation in the female toilets in workshop and dormitory is bad. The toilet is not clean.	visual inspection		Factory must improve the ventilation and general cleanliness in the female toilets.	Oct-03	Factory will improve the ventilation and general cleanliness of the toilet.	PC has verified that the factory has assigned workers to take charge of the ventilation and sanitation the female toilet. Toilets are being cleaned daily.	See Attached Documents	The factory installs two exhaust fans in each toilet which improve the ventilation of the toilets. And the toilets are clean.
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees	in compliance	records review, worker interview	There is a safety and health committee in the factory, including management and workers.						
7. Freedom of Association and Collective Bargaining											
Right to Freely Associate		Workers will have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment	There is no worker in the trade union.	records review and worker interviews		Factory must have worker representatives in the trade union.	Mar-04	Factory will hold the free election to let all the workers freely elect the members of trade union as well as their representatives from all the employees. And then all the new members of trade union will freely elect the chairman and deputy chairman of trade union. Factory still has to consult with the local government on how to proceed in compliance with the labor law.	Feb 2004 Update: Factory intends to have a free election after they move to their new facility in May 2004. Factory is still consulting with local government regarding the legal protocol for worker elections.		The factory claimed that they have the intention to hold a free trade union election. But they first need to be trained about how to make that work. They wish to have the training done and the election conducted after the new factory site gets completed in May 2004.
Employer Interference/Elections		Workers' organizations have the right to elect their representatives and conduct their activities without employer interference	There is no free election for the trade union in the factory.	worker interview, management interview		Factory must have free elections for trade union.	Mar-04	Factory will hold the free election to let all the workers freely elect the members of trade union as well as their representatives from all the employees. And then all the new members of trade union will freely elect the chairman and deputy chairman of trade union. Factory still has to consult with the local government on how to proceed in compliance with the labor law.	Feb 2004 Update: Factory intends to have a free election after they move to their new facility in May 2004. PC to follow up in June 2004. Factory is still consulting with local government regarding the legal protocol for worker elections.		The factory claimed that they have the intention to hold a free trade union election. But they first need to be trained about how to make that work. They wish to have the training done and the election conducted after the new factory site gets completed in May 2004.
8. Wages and Benefits											
9. Hours of Work											
Overtime Limitations	According to Article 41 of Labour Law of the People's Republic of China, The employin unit may extend working hours as necessitated by its production or business operation after consultation with the trade union and labourers, but the extended working hour per day shall generally not exceed one hour; if such extension is needed for special reason, under the condition that the health of labourers 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.	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	Oct 92' young workers worked excess overtime as per Chinese law Oct 92' adult workers in excess of FLA benchmark on OT However, since November in compliance to OT	record review							
Voluntary OT		Overtime hours worked in excess of code standard will be voluntary	No record available to show that the overtime in Oct. 02' is voluntary.	worker interview, record review		Factory must keep records to show that overtime rendered is voluntary.		Factory has a form in place for O/T application format with workers' voluntary signature. Before O/T is rendered, concerned supervisors will ask concerned workers ideas if they would like to render O/T. If worker wants to render OT, they will sign their own signatures on the application form. During FLA audit, we have shown the OT application forms to the auditors.	PC has verified through documentation check that workers are signing the OT voluntary OT application form before rendering OT work.	See Attached Documents	Each worker has to sign the voluntary OT application before OT work.
10. Overtime Compensation											