

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	070215387E
IEM	A.L.G.I. China
Date(s) in facility	August 15 and 16, 2006
PC(s)	Nike, Inc./Hennes & Mauritz
Number of workers	1,490
Product(s)	Apparel
Production processes	Sewing, Cutting, Finalizing, and Packing

Company Note: H&M's cooperation with [this factory] has ceased due to no interest from the factory to continue the business relation with H&M. Due to this reason we are unable to continue the remediation process. Fortunately, the remediation process will be continued by Nike, Inc.

FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Non-compliance	Risk of Non-compliance	IEM Findings				PC Remediation plan	Remediation			Documentation	(Status) Completed, Pending, Or-	Updates (Cite Date of Follow up)		Updates (Cite Date of Follow up)	
					Evidence of Non-compliance	If not corroborated, explain why	Sources/Documents/notes used for	Notable Features implemented by		PC Internal audit	Target Completion	Factory Response			Company follow up (Cite date of follow up)	Company Follow up (6/12/2007)	Documentation	Company Follow up (4/30/2008)
1. Code Awareness																		
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 non-compliance reporting mechanism has been established at the facility by Nike or H&M.				Document review and worker interviews		Enhance communication channels, not only posting the contact number in the bulletin board, but also state the contact number in the factory policies.	7/1/2007		1/3/07: We help the factory to build up the completed grievance system and to handle the grievance by its own system. We also deliver the contact numbers to the workers, but we think it is not necessary to post the Nike contact number in the bulletin board and factory policies.	Completed	PC's primarily encourage the factory 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. During all PC 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. Nike, in addition to posting the contact number in the bulletin board, requests for the factory to include the contact number in the factory policies.		4/30/2008: factory made lots of efforts to perfect its confidential non-compliance system and through the on-site interview we found that workers trust their internal grievance system. Additional Nike contact were also presented to the workers so that they could contact us if needed. (completed)		
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.		Only Nike's CoC was observed posted at the facility. H&M's CoC [was] not posted. As per management and observation, none of the [two] FLA affiliated companies have informed them about the Company's commitment to the code of conduct and its membership with the FLA.			Document review and management interview		Enhance brand communication: 1) Get the CoC from other brand and post in the main factory area 2) Train the workers and supervisors on CoC for each brand periodically 3) Get more information from the brands on their relationship with FLA and pass the information to the top management and supervisors.	2/15/2006		1/3/07: Got the CoC of H&M's and posted out.	Completed	1) Generally H&M does not require our Code of Conduct to be posted in the factory. In the case a factory produces for different buyers it might contradict among different Codes which would be confusing for the workers. Instead H&M encourages the factories to develop internal regulations in line with our Code of Conduct and local legislation and to clearly communicate these to all workers. 2) CoC training had been included into the new hire orientation training every month.		4/30/2008: H&M and OXFORD were out of this factory since Feb 2007. (completed)		
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.																		
Lack of protection of underage workers		Employers will ensure that, all workers engaged in operating or working close to hazardous equipment, working at dangerous heights or lifting heavy loads, or exposed to hazardous substances, are above the legal age for such work.		Facility does not have internal policy regarding juvenile workers. There is no system established to monitor young workers. However, as per observation and worker interview, young workers hired in the past were restricted from dangerous or hazardous positions and excessive overtime.			Document review and worker interviews		As Child labor (under 16 Y) violates the national labor law and compliance regulation, factory will add this rule in their company policy to strengthen the protection of young workers. In addition, they will: 1) Set up a monitoring system to prevent factory hiring of worker under 16 by verifying their cards and cross check with other related documents. 2) Set up a protection policy for the juvenile workers. 3) Follow up on the national protection legislation on Juvenile workers, providing the suitable working conditions, periodical physical check, OT restriction, etc.	2/15/2006		1/3/07: Factory will set up the monitoring system and protection policy very soon.	Completed	Factory set up the protection policy as well as the monitoring procedure for the juvenile labor. No juvenile workers are working in the factory so far.				
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.																		
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.																		
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.																		
Machinery Maintenance	Art. 32 of Regulation of Factory Safety	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.		Three sewing machines were observed without pulley guards on the fourth floor of ""name of"" production building.			Factory tour		Put on the three mentioned pulley shells and check intensively to ensure workers' safety.	2/15/2006		1/3/07: The mentioned pulley shells have been equipped the protection guard. No similar case found during this visit.	Completed					

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			Non-compliance	Risk of Non-compliance	Evidence of Non-compliance	If not corroborated, explain why	Sources/Documentatio n used for	Notable Features implemented by	PC Internal audit	PC Remediation plan	Target Completion	Factory Response		Company follow up (Cite date of follow up)	Documentation	Completed/ Pending, On-	Company Follow up (6/12/2007)	Documentation
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		<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 (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.</p> <p>The Amended Trade Union Act of October 2001 does stipulate that union committees have to be democratically elected as 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>		There is no written factory policy on independent worker representation. Interviews showed that workers had limited knowledge about freedom of association. They were not aware of their rights in regard to this. They are not interested in forming a union. To best of their knowledge, no one at the factory had attempted to form a workers organization. There is no apparent restriction on the formation of a union or workers organization.			Document review and worker interviews		Factory will provide additional memo about the freedom of association, which will be posted to publicize the right and the benefits for the formation of a union. Provide more communication channel between the workers and management.	2/15/2006		1/3/07: Factory is applying for the registered trade union in the factory. Factory had the new year team meeting recently in order to enhance the communication with the employees.	Completed	Factory set up a trade union in March according to China Trade union law and had more than 600 members so far. The trade union is a communication bridge between factory and workers. Several activities have been held by the trade union, such as communication meetings, outing, dorm cleanliness contest, training on first-aid etc. Workers started to use this channel to present their wills and suggestions as well as get timely feedback from the factory management. (Completed)				
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																		
Legal benefits	Article 73 of PRC Labor Law (Chapter IX: Social Insurance and Welfare): Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: (1) retirement; (2) illness, injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) child-bearing. The social insurance amount that laborers are entitled to must be paid on time in full.	Employers will provide all legally mandated benefits to all eligible workers.	As per review of social insurance receipt for July, facility registered 21% workers for pension, medical care, occupational injury and unemployment. Child-bearing insurance is not legally required in the region at present. Besides, facility bought commercial Employer's Liability Insurance to cover all workers under occupational injury. According to legal requirement, facility needs to register all workers for pension, medical care and unemployment.			Document review and management interview		The factory obtained a waiver by the government indicating the contribution amount meets social security requirements. Compare with 2005, factory's social insurance participants were increased by 27 percent after a series of seminar with workers.	2/15/2006		1/3/07: Factory obtained a waiver by the government in 2005 indicating the contribution amount meets social security requirements. Factory will get the new waiver of 2006 soon. Factory will continue providing information to workers about the benefits of participating in social insurance to increase the percentage of participation.	Completed	Factory has obtained an updated waiver from the local labor bureau in April 07, stating 374 workers had contributed social insurance which has increased from 2006.					
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	Regulation by the State Council on Working Hours, Art. 3: Laborers shall work for no more than 8 hours a day and not more than 40 hours a week. Art. 41 of PRC Labor Law (Chapter 4 Working Hours, Rest Days and Holidays): Employees should not be allowed to work more than 3 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.	In February, all production workers were required to work more than 60 hours per week. 66 hours at maximum. No excessive hours observed in other months.			Worker interviews, review of time records and payrolls		Factory to control OT hours and ensure the production department understands that excessive hours are not acceptable and hours must be controlled by:	2/15/2006		1/3/07: factory had taken some steps to control the OT hours such as enhancing the communication between the brands and internal production department, balancing the order and capacity. In fact, no violation since March 06.	Completed						
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																		
Subcontractors		As per FLA audit Instrument SE-1b: Do contracts between the factory and any subcontractors and/or recruitment agencies comply with the FLA Code of Conduct, including one rest day, maximum hours of work, minimum wage and OT payments, minimum age and health and safety requirements?	Contracts between the factory and subcontractors used for printing, washing and embroidery were not provided. Facility management refused to provide detailed information of subcontractors in terms of confidentiality. Only factory names and addresses were released.			Document review and management interview.		Factory to communicate compliance requirements to the sub-contractors, get a signed contract on record from each, and provide contract to PC for verification.	2/15/2006		1/25/06: Factory communicated with the sub-contractors on the compliance regulations/standards and asked them to sign a confirmation letter. Unfortunately, few sub-contractor(s) sent the letter back. Further follow-up required. 1/3/07: Still less response from the sub-contractors, factory and its headquarter are still working on it.	Completed	Factory [factory name] held office is approaching some sub-contractors, trying to work with them on their compliance. It is challenging to influence them since there is not very high PO percentage. It definitely will be a long-term project.			4/30/2008: The subcontractors officially returned the positive written feedback on factory's reminder on the compliance, and they committed to comply with law and international labor standard for their workforce. Factory would only use the authorized sub-contractors, if any, which had been approved by the brands, such as GAP and Nike.		