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.
<table>
<thead>
<tr>
<th>FLA Code/ Compliance issue</th>
<th>Country Law/ Legal Reference</th>
<th>FLA Benchmark</th>
<th>Monitor’s Findings</th>
<th>Documentation of FLA Principle Monitoring, Obligation of Company (if finding was corroborated/verified through multiple sources, at all levels)</th>
<th>FLA Principle Monitoring, Obligation of Company</th>
<th>PC Remediation plan</th>
<th>Target Completion Date</th>
<th>Factory Response (Optional)</th>
<th>Company follow-up (cite date of follow up)</th>
<th>Documentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forced Labor C2</td>
<td>The provision of a written statement that the employer will not allow, in any 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.</td>
<td>May 31, 2005</td>
<td></td>
<td>Factory hold workers’ identity cards for 1 ~2 months during recruitment.</td>
<td>1. Return immediately to workers all the ID cards in factory’s possession; 2) Issue instruction to all staff involved in recruitment not to retain original copy of any worker’s personal document such as: ID card, etc.</td>
<td>May 31, 2005</td>
<td></td>
<td>Failed Labor C2</td>
<td>No person will be employed at an age younger than 15 or 14 where the law of the country of manufacture allows younger than the age for completing compulsory education in the country of manufacture where such age is a higher age.</td>
<td>May 31, 2005</td>
</tr>
</tbody>
</table>
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, termination or reassignment, on the basis of gender, race, religion, age, disability, sexual orientation, national origin, political opinion, or social or ethnic origin.

### Health and Safety

Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising from, linked with, or occurring in the course of work or as a result of the operation of employer facilities.

#### Machinery Maintenance

- The raises of all Code on health and safety at factory (guards) shall be installed in dangerous part of machinery.
- Production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.
- Observation is true. The 35 sets of old model sewing machine were missing the pulley guards.
- Observation is false. The 35 sets of old model sewing machine were purchased without the prescribed pulley guards as they are unafflicting the operators.

### Freedom of Association and Collective Bargaining

Employers will recognize the right of employees to freedom of association and collective bargaining.

#### 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 ACO, 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 ACO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the situation. The amended Trade Union Act of October 2001 now stipulates 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 2002, the Collective Contracts Decree introduced the obligation for representative trade unions and employers to negotiate collective agreements.

#### FLA Benchmark:

- FLA Checklist: Best Practices
- FLA Benchmark Monitor’s Findings
- Documentation
- Was Finding corroborated? Yes or no
- If not corroborated, explain why
- Best Practice
- PC Remediation plan
- Target Completion Date
- Factory Response (optional)
- Company follow-up (cite date of follow up)
- Accommodation

### Wages and Benefits

#### Minimum Wage

- Minimum wage must be provided for employees, Clause 19 of Minimum Wage Provision and Clause 48 of China Labour Law.
- Employers pay and workers receive minimum wage of the prevailing industry wage, whichever is higher.
- Wages and benefits are essential to meeting employees’ basic needs. Employers will pay employees on a basis or at least the minimum wage required by local law or the prevailing industry wage, whichever is higher, and will provide legally mandated benefits.
- The actual minimum wage could not be verified due to inconsistent payroll records, e.g., workers reported piece-rate while payrolls show hourly paid production.
- Factory did not have a regular maintenance schedule for all machines and properly document each activity.

#### Cross-checking the payroll

- Payroll calculation methods shall be confirmed to ensure all workers fully understand them.
- Factory activity complies with the minimum wage standards according to local regulations and PUMA COC.

#### Cross-checking the workforce

- Production records shall be reviewed by production managers.
- Factory activity complies with the minimum wage standards according to local regulations and PUMA COC.

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9. Hours of Work

Overtime limitations

The factory should make sure all workers have one day off per week.

- The clause 41 of China Labor Law: The overtime working hour cannot exceed 3 hours a day and 36 hours a month.
- The facility should make sure all workers have one day off per week.

In extraordinary business circumstances, employees will (i) be required to work more than the lesser of (a) 48 hours per week and 12 hours overtime; and (ii) be entitled to at least one day off in every seven day period.

Accurate OT hours could not be verified from computer time records due to its inconsistent with auditors findings from workers interviews and production records. The workforce interviews indicated that during September, only had 1-2 days off per month. But their time records indicated OT hours no more than 7.45 pm and at least one day off per week. Besides, some production records found on-site indicated Sunday working but the relevant time records showed rest day.

Best Practice

- Cross-checking the computer time records with workforce interviews and production records found on-site.

- (i) Issue instructions that all working hours be properly recorded
- (ii) Include in company regulations the proper use of time cards and that all workers should “punch-in” and “punch-out” their own time card at the start and end of the shift on all days that they report to work.

May 31, 2005

Company follow-up (Cite date of follow up)

Observation involved mainly maintenance crew working on extended hours and some rest days. Use of time card is a normal requirements.

Payroll and time records from October 2004 to April 2005 showed working hours to be generally within 60 hours per week with one rest day per week.

10. Overtime Compensation

OT Compensation
- 150% of normal wage at extended work hours on weekdays;
- 200% on Sunday;
- 300% on Statutory Holidays, Clause 44 of PRC Labor Law

The factory shall comply with applicable law for premium rates for overtime compensation.

Actual OT compensation could not be verified since the time records were inconsistent with the workforce interviews and production records in areas of OT hours.

Cross-checking the computer time records with workforce interviews and production records found on-site.

Yes

- (i) Issue instructions that all working hours be properly recorded
- (ii) Include in company regulations the proper use of time card and that all workers should “punch-in” and “punch-out” their own time card at the start and end of the shift on all days that they report to work.

May 31, 2005

Miscellaneous

Unauthorized subcontracting

Nil

Possible homework

Nil

- 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; and (ii) be entitled to at least one day off in every seven day period.

- 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.

- OT Compensation

  - 150% of normal wage at extended work hours on weekdays, 200% on Sundays, and 300% on Statutory Holidays, Clause 44 of PRC Labor Law

  - The factory shall comply with applicable law for premium rates for overtime compensation.

  - Actual OT compensation could not be verified since the time/salaries records were inconsistent with the workforce interviews and production records in areas of OT hours.

  - Cross-checking the computer time records with workforce interviews and production records found on-site.

  - (i) Issue instructions that all working hours be properly recorded

  - (ii) Include in company regulations the proper use of time card and that all workers should “punch-in” and “punch-out” their own time card at the start and end of the shift on all days that they report to work.

  - May 31, 2005