

*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 Monitoring Visit Profile	
Country	Malaysia
Factory name	070046115B
IEM	Kenan Institute Asia
Date of audit	37879
Days in the facility	2 days
PC(s)	Nike
Number of workers	406
Product(s)	Knit items (shirt)
Production processes	Marking, cutting, sewing, embroidery & trimming

FLA Code/ Compliance issue	Findings				Remediation				
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	PC follow up
<b>1. Code Awareness</b>									
Code posting/information		FLA Principles of Monitoring, Obligations of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.			Oral and written communication in four languages - English, Bahasa Malaysia, Mandarin and Vietnamese				
<b>2. Forced Labor</b>									
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise									
<b>3. Child Labor</b>									
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.									
<b>4. Harassment or Abuse</b>									
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.									
<b>5. Nondiscrimination</b>									
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.									
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement	Advertisement for Machine Operator at the Embroidery Department stated preference for female workers.	Advertisement flyer in Bahasa Malaysia.		Advertisement for the machine operator at the embroidery department should not state preference for female workers only.	12/15/03	Factory will stop issuing advertisements that state preference for female workers only. Factory has just finished interviewing a few male applicants for the job. Short listing will be done by 15th of December.	
<b>6. Health and Safety</b>									
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	Factory & Machinery Act (FMA), 1967; Occupational Safety & Health Act (OSHA) 1994, Safety & Health Officer, Regulations, 1997	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 secretary of the SH Committee should be the Safety & Health Officer who is a registered SHO with DOSH (i.e. he/she should have attended the SHO course and passed the SHO examinations set by NIOSH).			Factory must appoint a Safety and Health Officer who has taken the SHO course and passed the SHO examinations set by NIOSH.	03/31/04	The Management has nominated [factory officer] to attend the SHO Course and to register with NIOSH for training and to sit for the SHO Examination before 31-03-2004.	May 2004 Update: In progress. The Management has nominated candidates to attend the SHO Course. Two people have been recommended by the factory to participate and the next course commencement date will be in June 2004. PC to follow up on this issue July/Aug 2004.
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			Dept Of Health (DOH) Poster for Work Ethics, healthy lifestyles & family health, (in BM), Adapting to Peoples & Cultures (in BM). Nike's Environment Memorandum of Understanding in English.				

FLA Code/ Compliance issue	Findings					Remediation			
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Document Maintenance/ Accessibility		All documents required to be available to workers and management by applicable laws (such as policies, MSDS, etc.) shall be made available in the prescribed manner and in the local language or language spoken by majority of the workers if different from the local language			Policies on HSE issues- Health & Safety Policy (in English & BM), Environmental Policy (in BM, & English), Sexual Harassment Policy (in BM, English and Mandarin ) are well placed at prominent locations on the shop floors.				
Evacuation Procedure	Factory & Machinery (Safety, Health & Welfare) Regulations 1970, Regulation 21; Uniform Building By-laws	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	Aisles in some areas (Sewing Areas, Sewing Sample Room) and in the minor aisles (Sewing) are blocked by accessories or goods/materials. Some emergency exits are not well lit and there is obstruction of the exit (Admin area) by brooms and housekeeping items.			Factory must unblock the aisles in the sewing areas and the sewing sample room. Emergency exits should be well lit. Exit by the Admin area should be kept clear of obstruction by housekeeping items.	Done	* Please see attached photo as evidence of CAP being completed. The area has been cleared and workers have been briefed to keep the area free of obstacles	
Evacuation Procedure		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			Photographic Posters depicting exercise drills between Bomba & Safety & TWGI , TWGI First Aid Course & Social Activities The Rules and Regulations of the Hostel are posted in BM				
Safety Equipment	Factory & Machinery (Safety, Health & Welfare) Regulations 1970 Regulation 22, 38; Guidelines on First-Aid Facilities in the Workplace, Dept of Occupational, Safety & Health, 1976	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	Insufficient stocking of first aid supplies in the first aid boxes as per Appendix 2 Recommended Contents of a First-Aid Box in Guidelines on First Aid Facilities in the Workplace Dept of Safety & Health 1996.			Factory must keep first aid boxes sufficiently stocked in accordance with the Safety and Health guidelines of 1996.	Done and training will be by 31/12/03	* Please see attached photo as evidence that all First-Aid Boxes are well equipped.	
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			Posting of several understandable emergency & evacuation plans, complete with location of Fire Extinguishers, Hose reels, fire alarm together with the emergency telephone numbers and First Aid Box in all prominent production areas of the factory. Clear directional arrows showing evacuation routes and lining of the steps of staircase are clearly painted in yellow indicating repainted regularly. Instructions for use of fire extinguisher in mainly in BM & Chinese on the equipment, & internal, monthly Inspection & Maintenance Records of Safety Equipment (Extinguisher, emergency light & Alarm) are hung as a booklet below the fire extinguisher. First Aid Training course provided by the St John's Ambulance personnel for the members of the Sub committee on Fire Safety.				
PPE	Factory & Machinery (Safety, Health & Welfare) Regulations, 1970 Regulation 32; Occupational Safety & Health (Use & Standards of Exposure to Chemicals Hazardous to Health (USECHH) Regulations, 2000 Regulation 16	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.	Some workers do not wear mask properly. Some also wear improvise their masks using handkerchief. The cloth mask used by the Spot Cleaning operator is incorrect for the organic vapor contaminant mask. The Spot Cleaner operator is exposed to high noise when the compressed air is used to dry the stain spot, but no personal noise exposure monitoring was conducted although other sewing operators were monitored.			Workers must wear the proper masks. Spot cleaning operator must wear the correct mask that meets the requirements of the operation.	Done	PPE given to the TCE user are: rubber gloves, industrial (carbonized) mask, eye protection. * please see attached photo as evidence.	
PPE		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.			Pictorial instructions of use of PPE- safety first – Mask, ear plugs, machine guards (plastic & Metal), cloth mask and vapor/cartridge mask, metal gloves) in Bahasa Malaysia (BM) are readily posted on all work areas.				

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Chemical Management	Occupational Safety & Health (Use & Standards of Exposure to Chemicals Hazardous to Health USECHH) Regulations 2000 Regulations 20-23; Occupational Safety & Health (Classification, Packaging & Labeling (CPL)) Regulations 1997 Regulation 7; Environmental Quality (Scheduled Wastes) Regulations, 1989	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	The chemical used in the YH 170 Cleaning Spray Gun contains 1,1,2 TCE, there is no label in accordance with CPL Regulations on the container. The storage drum of TCE has no label in accordance with the CPL and Scheduled Waste Regulations. There is no training on safe chemical handling and importance of PPE usage provided for the worker although poster on safe handling is on the wall. The soiled rags used (with TCE) in the Spot cleaning section are considered as Scheduled Waste which should be disposed according to the EQ Regulations. At present soiled rags are sent to the municipal dump.			YH 170 cleaning spray gun must be labeled. TCE storage drum must be labeled in accordance with CPL and scheduled waste regulations. Safe chemical handling training and PPE training must be given to the workers. Soiled rags must be disposed of properly in accordance to EQ regulations.	Done	*Please see attached photo that all TCE Containers are labeled with Standard Labeling System. * Safe chemical handling training and PPE training being conducted - see attached photo of mini-posters as constant reminders to all TCE handlers and cleaners.	
Chemical Management		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			Dynamo solution and the Pull Out 2 Dry White Powder Spot Remover (non flammable, non-ozone depleting substance) for cleaning grease, soil & oil stains, has replaced environmentally un-friendly Spotlifter Degreaser which has been phased out. Nearly all hazardous and environmentally unfriendly chemicals have been phased out by the company. Poster of safety chemical handling of the solvent in the Spot cleaning area in English				
Ventilation/Electrical/facility maintenance	Factory & Machinery (Safety, Health & Welfare Regulations )1970 Regs 25, 28, 29; Uniform Building By-Laws,1984	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			Installation of ceiling lights as well as lowered fluorescent tubes with reflectors, attached below the conduits carrying wiring above the work benches providing ample illumination levels for the workers. Voltage (415 V) of Electrical Switch board clearly marked on the panel and a checked clear way is marked on floor below. The Fluorescent light tubes are tagged with a color label to match with the light switch panel. The Sewing, Sample Sewing, Packing and Cutting Depts., of 1st, 2nd & 3rd floors, have good air conditioning with low noise ventilation system providing a comfortable work environment for the workers. Piped-in music from radio station in Production floor.				
Record Maintenance	Factory & Machinery Act, 1967 Regulation 31, OSH Act, Part VIII Regulation 32 Notification of accidents, dangerous occurrences etc. 1994 Form JKJ 107	All safety and accident reports shall be maintained for at least one year, or longer if required by law	Insufficient accident investigation report system and accident log in order to comply with OSH Act, Part VIII Regulation 32 Notification of accidents, dangerous occurrences etc. 1994 using the Form JKJ 107 from the DOSH although the SOCSO Accident Reporting & Investigation System is in place			Accident investigation report system must comply with OSH regulations as cited. Form JKJ 107 must be used in reporting accidents.	1/31/04	*Shall use Form JKJ 107 for accident reporting. Branch management will be trained on the usage of the form and the form will be in use by end of January 2004	May 2004 Update: Completed. PC has confirmed that form JKJ 107 is currently being used for accident reporting.
Machinery Maintenance	Factory & Machinery (Fencing of Machinery & Safety) Regulations 1970	All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Some of the needle guards (plastic for over-locking machine or metal guard for top stitch machine) are not used.			Factory must use the needle guards on the stitching machines.	Done	Needle guards have been installed on all the sewing machines and workers have been trained on the usage.	
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner			Location of the Fire Extinguishers, hung at 32 in from floor shows good consideration of minimal lifting to remove the extinguisher from the wall thus reducing manual lifting injuries. Heat Transfer Machines in Embroidery Dept are provided with a 2 handed failsafe operating switch device				
Sanitation in Facilities	Factory & Machinery (Safety, Health & Welfare (FMA) Regulations)1970 Regulations 27, 32-38	All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws	Towel or other means of drying is not provided in some toilets although it is understood that each worker is given 1 roll of toilet paper per month.			Factory must provide means of drying hands after hand washing.	Done	Factory will hang hand towel at wash basin area, change twice a day. * please see attached photo as evidence	

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Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws			Instructions in Graphic Poster for cleaning of sewing machines (in BM, English & Mandarin), taking off gloves, Nike Inc APA Construction Manual for knits on Raw Edges Finishing etc. are located in strategic positions				
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.			Supply of Filtered water through the 2 drinking stations/cooler fountains for all workers.				
Sanitation in Dormitories		All dormitories shall be kept secure, clean and have safety provisions (such as fire extinguishers, first aid kits, unobstructed emergency exits, emergency lighting etc.). Emergency evacuation drills should also be conducted at least annually			The factory provides for the 3 hostels for girls (Chinese, Vietnamese & Malays) on top of shop lots within 1-2 min from the factory. Each hostel or dormitory is furnished with private lounge area for TV entertainment and recreation in the hostel for worker including home appliance such refrigerator, emergency lights and gas cooking rings for food cooking. Engaging a security guard for the night to guarantee safety of the women foreign workers. Proposed construction of blocks of hostel at the new factory shows company's commitment for workers' welfare				
Worker Participation	Factory & Machinery (safety, Health & Welfare) Regulations 1970, Occupational Safety & Health (OSH) Safety & Health Committee Regulations 1996	Workers should be involved in planning for safety, including through worker safety committees	Insufficient awareness on safety committee members and their responsibilities among the worker population although they do recognize ["*"] (Secretary of the SH Committee) as the person to contact in case of accidents			Factory must communicate the activities of the Safety Committee to the workers.	1/31/04	The Management will encourage its employees to join as OSHA Members with a target of 50 committed workers. A board will be set up to inform workers of the SHE committee's activities.	May 2004 Update: PC has confirmed that factory management has encouraged more employee participation in addition to the current OSHA membership of 30 employees. A Board has also been set up to highlight ESH activities.
Worker Participation		Workers should be involved in planning for safety, including through worker safety committees			Suggestion and Complaints Boxes in prominent place at factory entrance				
Other					Posters on health related issues -Cholera Prevention, Aids, Foot & Mouth Disease, CPR (in BM, Chinese & English) , Mental Health (in BM), Smoking & Health (in BM), SARS( in BM & Mandarin), No Eating, no Drinking (in BM & Mandarin), Guidelines of Back Care (in BM, Mandarin). Instructions in Graphic Poster for cleaning of sewing machines (in BM, English & Mandarin), taking off gloves, Nike Inc APA Construction Manual for knits on Raw Edges Finishing etc. are located in strategic positions				
Other	Occupational Safety & Health (Use & Standards of Exposure to Chemicals Hazardous to Health USECHH) 2000		No evidence related to the certification of panel doctor as OHD. Advice Panel doctor to register as Occupational Health Doctor (OHD) with DOSH (OSH Act, 1994, USECHH Regulations 2000			Factory must certify the panel doctor as an OHD in accordance to regulations.	2/15/04	The Management will advise its Panel of Doctors to register with DOSH. Mgmt is also in the midst of recruiting new panel doctor who has the OHD certification.	May 2004 Update: In progress. Factory management had informed the panel of doctors to be registered with the DOSH. Should the panel of doctors fail to register with the DOSH, factory management plans to engage a new panel of doctors who have OHD certification. PC shall follow up on this issue in July 2004 for status check.

FLA Code/ Compliance issue	Findings					Remediation			
	Legal Reference	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	PC follow up
<b>7. Freedom of Association and Collective Bargaining</b>									
Employers will recognize and respect the right of employees to freedom of association and collective bargaining									
<b>8. Wages and Benefits</b>									
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									
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in the language of the worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law			Oral and written communication in three languages, English, Bahasa Malaysia and Mandarin				
<b>9. Hours of Work</b>									
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		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	For foreign workers: "The employer shall commit to provide minimum overtime working hours opportunity of 78 hours per month to the Employee. However, the employer guarantee minimum overtime hours per month of 52 hours.	Document review - Personal File. Employment contract of Foreign Workers - Clause 4.1 Overtime Working Opportunity.		Factory must commit to providing OT opportunities to foreign workers.		The clause of 78 hours was set by the agent but the management committed to give 52 OT hours per month. 78 hours per month will exceed the Nike code of 60 working hours per week because 78 hours requires at least 3.5 hours of OT per day.	May 2004 Update: The Management is committed to give 52 OT Hours per month, which is equal to 13 OT Hours per workweek. Factory operates only 47 hours per Normal Workweek as Mondays to Fridays : 8.00am to 5.00pm and on Saturdays : 8.00am to 4.00pm. Hence, 47 Normal Working Hours + 13 OT Hours = 60hrs/wk.
<b>10. Overtime Compensation</b>									
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.									
<b>Miscellaneous</b>									