

*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	KOREA
Factory name	07004062C
IEM	GLOBAL STANDARDS
Date(s) in facility	NOVEMBER 25-26, 2004
PC(s)	NIKE, INC.
Number of workers	476
Product(s)	SHOES
Production processes	PREPARATION, CHEMICAL APPLICATION, DRYING, BONDING, PRESSING, TRIMMING, PACKING

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Findings					Remediation			Updates			
			Monitor's Findings	Documentation (If finding was corroborated/verified through multiple sources, list all sources)	Was Finding Corroborated ? Yes or No	If not corroborated, explain why	Best Practice	PC Remediation plan	Target Completion Date	Company follow up (Cite date of follow up)	Documentation	Company Follow up (Cite date of follow up visit)	Documentation	
<b>1. Code Awareness</b>														
Confidential non-compliance reporting channel		<b>FLA Principle of Monitoring, Obligation of Companies</b> 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.	Confidential non compliance reporting channel not in place.	Visual inspection and management interview.					1. Nike's objective is to strengthen contact manufacturers' internal grievance systems, so that direct involvement by Nike in their employee grievances should be considered a last resort. In alignment with Nike's objective to strengthen contract manufacturers' internal grievance processes, two pilot educational programs facilitated by local Non-Governmental Organizations are underway currently in Indonesia and China. In addition, Nike Compliance staff spend time listening to factory employees during one-on-one confidential interviews during in-depth Management Audits. More than 9,000 factory employees were confidentially interviewed by Nike Compliance staff from August 1, 2002 through end of May 2004. 2. Recommend the factory to review the current Reporting structure of Grievance system(providing a confidential system, effective...) 3. Train and Inform clearly workers of Grievance system(who to report, how to report, fair response from management, etc...)	1/31/2005	Updated on Feb. 2nd '05: The Factory newly installed additional "Grievance boxes". One is on the second floor at the locker room and the other is in the restroom which is located near the pressroom at the ground floor. The team leader of sample production & CR manager had a training for the workers on Jan 28, 2005. Factory workers can also directly visit HR team leader & talk about their grievances.	Ref. Training log: L1		
<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 or abuse.														
Disciplinary Practices		Employers will utilize consistent written disciplinary practices that are applied fairly among all workers	Factory disciplines workers without calling a committee as per the factory's policy.	Records review and workers interview	Yes				Recommend either factory update the policy or adhere to the policy set in place. Either way, the factory and workers need to agree and adhere to the disciplinary process and be accountable for it. The Union should have input on this issue.	1/31/2005	Updated on Feb. 2nd '05: The factory had reviewed 'disciplinary' cases since 2002. The monitor's finding in regards to only one case. Nonetheless, the factory had a meeting with the HR team on 12/14/04 regarding "discipline policy" and posted the discipline policy, process & committee at each workben.	Ref. Documentation: M1, M2		
<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.														
<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														
Document Maintenance/ Accessibility	Industrial safety and health act : Article 41 (1) If a business owner desires to manufacture, import, use, transport or store any chemical substance or preparations containing chemical substances shall prepare in advance MSDS, and post and keep them at any place to be seen easily by workers handling such substance	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	Some MSDS in English only	Visual inspection	Yes				1. All MSDS's should be in Korean version as well. 2. Maintain Training log with details of trainings 3. Indicate areas where posted/updated MSDS' are located.	1/28/2005	Updated on Feb. 2nd '05: 1. The factory had reviewed all the MSDSs which were posted at the worksite. There were 28 sheets of MSDSs written in English only at chemical mixing & weigh room, so the factory replaced them in Korean version on Dec. 10, 2004. 2. The factory will continuously monitor postings of correct MSDS thru 4 internal audits regarding Environmental/Safety/Health issues. The factory also had MSDS training on 12/20/04.	Ref. Picture : A1, A2, A3 Ref. Training log:		
Evacuation Procedure	Industrial safety and health act : Article 31 (1) The business owner shall periodically conduct education on safety and health for the workers in his place of business as prescribed by the Ordinance of the Ministry of Labor (only applied to management)	All applicable legally required or recommended elements 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	Evacuation plans should be enlarged. Additional evacuation plans needed to be posted in the factory. A couple of exits open inwards. An exit on the back of the material storage is locked. There is no "you are here" marking on the evacuation plans in the dormitory.	Visual inspection	yes				1. Specific evacuation plan needed. 2. All exits should open outwards. 3. Exit should be opened at all times. 4. Revise Evacuation plans in Dormitory to include "you are here" markings.	1/28/2005	Updated on Feb. 2nd '05: 1. New evacuation plans were implemented. 2. The factory had reviewed all of the exits' opening direction at worksite. There were 2 doors with wrong direction at "" room & "" room. The factory fixed them by maintenance team on 1/30/05. 3. No exits are locked. 4. Evacuation plans were revised in Dormitory to include "You are here" markings. 5. Evacuation Plan Map posted in Sample Production line and press room on 20th Dec. 04.	Ref. Picture : B1, B2, B3 Ref. Picture : E1, E2 Ref. Picture : C1, D1, D2		

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			Monitor's Findings	Documentation (if finding was corroborated/verified through multiple sources, list all sources)	Was Finding Corroborated? Yes or No	If not corroborated, explain why				Company follow up (Cite date of follow up)	Documentation	Company Follow up (Cite date of follow up visit)	Documentation
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	1 fire extinguisher on the 2nd floor is empty. No fire equipment in the LAB. There is no sign for fire extinguisher in the kitchen. Fire extinguishers are only placed near exit in the high-frequency room. Some of them should be placed at the back of the room.	Visual inspection	yes		1. Check all fire extinguishers & labels & locations.	1/28/2005	Updated on Feb. 2nd '05: The factory has reviewed total 102 fire extinguishers onsite. One fire extinguisher in front of "" room was recharged & factory put more fire extinguishers in "" room on Dec. 20, 2004 by General Affair team ""	Ref. Picture : F1 ("Fire Extinguisher Sign" that was missed in the kitchen; posted on Nov.26th'04) Ref. Picture : G1, G2			
PPE	Industrial safety and health act : Article 33 (1) Machines and instruments required for harmful or dangerous work or operated by the electric power shall not be transferred, leased, installed, used, or exhibited for the purpose of transfer or lease without taking protective measures for the prevention of harm or hazards	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.	Workers who operate Hot Melt Spray do not wear gloves. There are no goggles provided for printing operations.	Visual inspection and worker interview	yes		1. Provide proper PPE and enforce that workers wear them thru training.	1/25/2005	Updated on Feb. 2nd '05: 1. The factory had reviewed all the PPE's provided to workers and added more PPE's in "" room & "" room by Health & Safety supervisor. 2. Provided MSDS & PPE training on 12/20/04 by General Affair team. 3. PPE related training 4 times a year is planned for 2005.	Ref. Picture : H1, H2 Ref. Training log: A3			
Ventilation/Electrical/facility maintenance	Industrial safety and health act : Article 24 (1) 6. Health problems caused by failure to maintain the proper standards of ventilation, lighting, illumination, thermal insulation dampproofing, cleaning, etc.	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 hotwire operator is at risk of exposure, because the hotwire switch is placed too close to the hotwire.	Visual inspection	yes		1. Check the machine 2. Install Machine guard for needed parts & replaced switch location in a safe way	2/2/2005	Updated on Feb. 2nd '05:1. The factory re-installed on/off switch for the hotwire machine on Dec.10, 2004 according to FLA direction 2. Factory needs to review more on the machine to have proper guarding on the machine. Now the factory is in the process of installing Guard above the hot-wire, it will be finished by Feb.18th '05. 3. There will be continuous monitoring for any risk by the internal ESH committee	Ref. Picture : I1, I2	Mar.28th '05: The factory has improved the machine guard to be safer.	Pictures on file with PC.	
Worker Participation	Act Concerning The Promotion of Worker Participation and Cooperation Article 19 (1) Matters subject to consultation at meeting of the council shall be as follows: 5. the improvement of occupational safety and health measures and working conditions and the promotion of workers' health.	Workers should be involved in planning for safety, including through worker safety committees		Document review	yes		ESH(Environment Safety and Health) committee consisting in workers and managers is held every month.						
<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													
Employer Interference/Elections	Trade union and labor relations adjustment Act. Article 17 (1) A trade union may, in its bylaws, establish a council of delegates which may be substituted for a general meeting. (2) Delegates shall be elected in a direct, secret, and unsigned ballot by union members.	Workers' organizations have the right to elect their representatives and conduct their activities without employer interference	There is no direct election for union representatives in the last 2 years.	Records review and workers interview	Yes		1. Check with Union on the election process. 2. Follow up on the requirements of the Union.	2/2/2005	Updated on Feb. 2nd '05: The union in the factory set up the meeting on Jan. 7, 2004 regarding this issue. They decided to have 'direct election system for union leader' and the election was executed on Jan.13, 2005.	Ref. Scan : Meeting Log (J1)			
<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													
Illegal Holding of Funds		All voluntary deductions (savings clubs, loan payments, etc.) will be credited to proper accounts and funds will not be held illegally or inappropriately by employers.	Expenses for congratulations and condolences are deducted from worker's pay without prior written consent.	Records review and management interview	Yes		1. Need some type of written consent regarding this practice to show that the workers are voluntarily agreeing to the deduction.	1/31/2005	Updated on Feb. 2nd '05: 1. The factory has reviewed related policies & procedures. The factory has added 'deduction' related article in the employment agreement document and received all the factory workers signatures on the agreement regarding 'Expenses for congratulations and condolences' deduction on 1/25/05.	Ref. Documentation : K1, K2			
Other				Worker interviews and records review	yes		Factory provides meals, transportation, work clothing, fitness facility, and supports club activities and language training.						
<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 per													
<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>													
Illegal subcontracting													
Possible homework													