

Compliance Ratings:

Compliance ratings help us measure how contract manufacturers are performing against key benchmarks such as our Code Leadership Standards and local labor laws. We have found that contract manufacturers often respond to our audit results and remediation plans with quick fixes that can lead to rating fluctuation. Such fluctuations have made it challenging for us to recommend holding, ceasing or increasing production orders. We believe that changing our ratings criteria from focusing on incidents to systems will reflect the pace of sustained change at a factory more accurately and improve our ability to integrate compliance performance into production planning. We have made significant strides toward this end with ESH audits in FY06-07 and expect to begin refining the MAV audits FY08.

Chart 21
Factory Rating Trends by Top Production Countries, FY05-FY06

