



2010

## FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

**COMPANY:** Nordstrom  
**COUNTRY:** China  
**FACTORY CODE:** 0800151092I  
**MONITOR:** Social Compliance Service Asia  
**AUDIT DATE:** July 5 – 6, 2010  
**PRODUCTS:** Ties  
**PROCESSES:** Weaving, Sewing, Cutting,  
Finishing, Packing  
**NUMBER OF WORKERS:** 797

**FLA Comment:** As of 2011, Nordstrom has ceased affiliation with the FLA and therefore will not be providing any further updates on the pending corrective action plans in this report.



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### **Wages, Benefits and Overtime Compensation: False Payroll Records**

WBOT.19 Employers shall not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason. Payroll records maintained shall be authentic and accurate. (P)

#### **Noncompliance**

**Explanation:** Inconsistencies were noted during checking the provided time records, along with payroll and other production related records. It appeared that time records and payroll were not reliable.

**Plan Of Action:** Nordstrom expects all factories to maintain, on file, all accurate documentation necessary to demonstrate compliance with the Nordstrom Partnership Guidelines and local laws. Nordstrom is aware of the challenges facing factories and is committed to providing appropriate resources and support to make long-term improvements. Nordstrom created a video on transparency and conducted in-person trainings to communicate expectations.

**Deadline Date:** 10/01/2010

**Action Taken:** Nordstrom conducted a re-audit on 10/25/2010 to verify transparency. The issue remains open with further training planned for 2011.

**Plan Complete:** No

**Plan Complete Date:**

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## Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

### Noncompliance

**Explanation:** The Chinese constitution guarantees Freedom of Association (FOA); 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 FOA, 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. However, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of Oct. 2001 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. Trade unions also have an enhanced role in dispute resolution. In Dec. 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.

**Plan Of Action:** The establishment of healthy grievance mechanisms at the factory level is a priority for Nordstrom. We will continue to support the evolution of these mechanisms, including the formation of worker committees, through training and focused projects. Workers will learn to elect their peers and meet with management on a regular basis. Minutes will be taken for verification.

**Deadline Date:** 04/01/2011

**Action Taken:**

**Plan Complete:** No

**Plan  
Complete  
Date:**

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**Harassment or Abuse: Discipline/Monetary Fines and Penalties**

H&A.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

**Noncompliance**

**Explanation:** Monetary fine was imposed to workers; RMB 5 per piece fines will be deducted if the worker does not follow the production process instructions that effect quality.

Legal reference: In accordance with Article 15 of Provisional Regulations for the Payment of Wages.

**Plan Of  
Action:** In accordance with the Nordstrom code of conduct, deduction from wages as a disciplinary measure shall not be permitted. Factory to update policy and train all management. Factory is to ensure that supervisors and the workers have been communicated to regarding the change in the respective policies; Nordstrom will verify during the next assessment.

**Deadline  
Date:** 10/01/2010

**Action  
Taken:** 10/25/2010: 3rd party verification: Issue corrected. As per documents review and workers interview, it was noted that no monetary fine was imposed to workers and everyone was trained on the new policy.

**Plan  
Complete:** Yes

**Plan  
Complete  
Date:** 10/25/2010

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## **Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)**

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

### **Noncompliance**

**Explanation:** Age limits and gender requirements were stated on the recruitment notice, which was posted in front of the main gate.

Legal reference: In accordance with Article 12 of the Labor Law of the People's Republic of China.

**Plan Of Action:** Nordstrom requires factory to follow local law and code of conduct, and to stop discrimination practices during recruitment of workers. Factory to update policies and recruitment notices, as well as train all supervisors and workers on new policies.

**Deadline Date:** 10/01/2010

**Action Taken:** 10/25/2010: 3rd party verification: Issue corrected. As per factory tour and documents review, it was noted that the factory had stopped this practice to avoid any discrimination towards employees. The factory trained all supervisors and workers on this practice.

**Plan Complete:** Yes

**Plan Complete Date:** 10/25/2010

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## Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

### Noncompliance

**Explanation:** 1. Some of the fire extinguishers and fire hydrants were found blocked in workshops and warehouse.

Legal reference: In accordance with Article 28 of Fire Prevention Law of the People's Republic of China.

2. No sprinkler system was equipped at the warehouse.

**Plan Of Action:** Factory to maintain all safety and medical equipment by dedicating staff to routinely check all areas for maintenance. Factory to ensure all equipment is not blocked at all times and to use a sprinkler system. Factory to conduct training for the workers in the warehouse on a regular basis to ensure the improvements are sustainable.

**Deadline Date:** 10/01/2010

**Action Taken:** 10/25/2010: 3rd party verification: Issue partially corrected. As per factory tour, it was noted that all fire extinguishers and fire hydrants were easily accessible in workshops and warehouse, but factory hasn't implemented a sprinkler system. Factory conducted trainings for the entire current workforce.

**Plan Complete:** No

**Plan Complete Date:**

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### Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal 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 health and safety hazards, including medical waste. (S)

#### Noncompliance

**Explanation:** Some of the weaving workers did not wear protective earplugs when exposed to a high-sound working environment.

Legal reference: In accordance with Article 37 of Law of the People's Republic of China.

**Plan Of Action:** Factory to train workers on factory policies and benefits of personal protective equipment (PPE) with a focus on earplugs.

**Deadline Date:** 10/01/2010

**Action Taken:** 10/25/2010: 3rd party verification: Corrected. As per factory tour, it was noted that all weaving workers wore protective earplugs when exposed to a high-sound working environment. Factory trained workers on the use and benefits of PPE.

**Plan Complete:** Yes

**Plan Complete Date:** 10/25/2010

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