

FLA Audit Profile	
Country	China
Factory name	08001593C
IEM	Global Standards
Date(s) in facility	September 20-21, 2004
PC(s)	Nordstrom
Number of	1600
Product(s)	Sweaters
Production processes	Knitting, Ironing, Packing, Sewing

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Findings				Remediation				Updates		Company Verification Follow Up					
			Monitor's Findings	Sources/ Documentation	Was Finding Corroborated?	If Not Corroborated, Explain Why	Best Practice	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up (Cite Date)	Documentation	Company Follow Up (Cite Date)	Documentation	Company Follow Up (Cite Date)	Documentation		
1. Code Awareness																		
Code posting/information		FLA Principle of Monitoring, Obligation of Companies: Establish and articulate clear, written workplace standards. Formally convey those standards to Company factories as well as to licensees, contractors and suppliers.	No PC code	Visual inspection and records review	yes				Nordstrom will express mail Partnership Guideline poster printed in local language to factory. Factory will post this document in visible location where all workers will have easy access to read it (i.e. near time clocks or canteen.)	3/30/2005		7/5/2005	Poster sent, but not found to be posted in factory at time of audit.	3/30/2005 To be verified by 3rd party Monitoring Company comprehensive audit to be conducted between 11/1/05-1/30/06.		Poster sent 10/24/2005		
Worker/management awareness of Code		FLA Principle of Monitoring, Obligation of Companies: Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.	There is no code in this factory to provide training with to workers.	Worker interviews	yes				Once factory receives Nordstrom Partnership Guidelines, please verbally review this document with workers to ensure they are aware of Nordstrom's guidelines. Answer all questions workers have regarding Guidelines or contact Nordstrom if management has any questions. X with X received training from Nordstrom in regards to the Partnership Guidelines and can also provide support and assistance.	3/30/2005		7/5/2005	3/30/2005 To be verified by 3rd party Monitoring Company comprehensive audit to be conducted between 11/1/05-1/30/06.		Nordstrom Social Compliance Program, Policies, Code of Conduct & Training Program sent via Official Training CD in Mandarin/Cantonese on 10/24/05			
Confidential noncompliance reporting channel		FLA Principle of Monitoring, Obligation of Companies: 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.	Not in place	Visual inspection and management interview	yes				1) Please develop policy and procedure for workers to communicate questions, concerns, disputes, requests and suggestions to factory management. Policy should allow for open discussion without fear of retaliation. Management should respond to each worker's communication to management in timely and clear manner. Communication between workers and management should be documented and kept on file for at least 1 year. All workers should be trained on factory's communication policy and procedure. 2) Nordstrom to research Secure Communications Channels that may be effective in Chinese factories.	3/30/2005		3/30/2005	12/1/2005	1) Pending. 2) Nordstrom has researched industry practices for secure communication channels and recommendations are under review. Additionally, a pilot project is underway in China and will be assessed. At this time, the Nordstrom Partnership Guideline Poster states Nordstrom's mailing address and direct phone number of Social Compliance Manager to report questions or concerns.				
Other			Suggestion box is ineffective and needs to have a confidential reporting channel.	Worker interviews	No				Please improve suggestion box policy and procedure so workers have confidence in its use as communication channel. If management and factory workers feel suggestion box is not an effective tool, develop another method for confidential communication, such as worker elected worker committees and/or worker elected worker representatives.	3/30/2005		3/30/2005						
2. Forced Labor																		
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise			N/A															
3. Child Labor																		
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.			N/A															
4. Harassment or Abuse																		
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment of abuse.			N/A															
5. Nondiscrimination																		
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.			N/A															

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6. Health and Safety																
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																
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 compiled with and workers shall be trained in proper safety, first aid, and evacuation procedures.	Warehouse HSE improperly managed: Some aisles blocked, and it is not properly lit (however, warehouse is not under factory's management). The workforce is not properly trained in evacuation procedures.	Visual inspection	yes				1) Request to warehouse management that warehouse primary aisles remain unblocked at all times and are lit for easy evacuation. 2) Provide at least 2 emergency evacuation drills per year. During drills, all alarms must be used and all workers must leave facility. Ensure all workers understand safe evacuation procedures. All new workers must receive evacuation training as part of their orientation to factory. During this training, factory staff should walk new employees through exit routes and discuss designated gathering areas outside factory. All drills and training will be documented and kept on file for at least one year.	3/30/2005						
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.	Best practice	Visual inspection	yes			Fire extinguisher well maintained.								
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.	No PPE usage in the following sections: wood shop and yarn spinning depts.	Visual inspection	yes				Please research and provide Personal Protective Equipment (PPE) needed to best protect workers from injury related to their job function and exposure. Types of PPE that may be required include: Eye protection, ear protection, gloves, face masks, etc. Factory policy must require proper use of PPE at all times. Workers shall be trained in the proper PPE use, health & safety reasons for use and factory policy.	3/30/2005		3/30/2005				
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.	No designated individual in charge of chemicals (only fire safety, which is managed by security). No eye wash or shower at chemical storage.	Visual inspection, worker and management interviews	yes				Please restrict access to chemicals to designated personnel trained in proper use of chemicals and health and safety procedures. Management should designate individual to be responsible for ensuring chemicals are properly stored, contained, and labeled at all times. This designated individual should also be responsible for ensuring PPE used and in good condition and that MSDS posted in local language for all chemicals used in factory.	3/30/2005		3/30/2005	11/1/2005		Observation	
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.	Best practice	Visual inspection	yes		Well maintained dormitories									
7. Freedom of Association and Collective Bargaining																
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																
Employer Interference/Elections		Workers' organizations have the right to elect their representatives and conduct their activities without employer interference.	Need to show evidence of election procedures with photos and other related documents.	visual inspection, document review and worker interviews	yes				During the 2005 Union Election, document and photograph election process.	2/28/2005			8/26/05 [Factory name] reply said all employees welcome to join union. However, it also indicated no workers have currently joined. ??? 3rd Party Monitoring Company to follow up in Q4 audit.	To be verified by 3rd party Monitoring Company comprehensive audit to be conducted between 11/1/05-1/30/06.		
<p>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 (ACFTU). According to the ILO, 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 ILO standards on the right to organize and bargain collectively. Recently, however, the government has introduced new regulations that could improve the functioning of the labor relations mechanisms. The Amended Trade Union Act of October 2001 does stipulate 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 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.</p>																
8. Wages and Benefits																
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																

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Voluntary Use of Benefits	No. 489 under Temporary Provision of Salary Payment. Article 15, the employer should not deduct from the worker's salary for the following circumstances: 1) personal income tax, 2) social insurance not afforded by individual, 3) fine/fee requested in a judgment/trial, 4) other expenses as ruled by law.	All workers have a right to use or not to use employer provided services, such as housing or meals.	Deductions for meals are made automatically.	Document review and worker interviews	Yes			All deductions for meals must be voluntary. Please document whether or not each worker wishes to receive meal service and if they agree to wage deduction. Workers should be able to discontinue their meal service and deductions within agreed period of time if they chose. Wage deductions should never reduce workers' wages to below minimum wage.	3/30/2005		3/30/2005	Following up with 3rd Party Monitoring Company				
Legal benefits	Article 72: Sources of social insurance funds shall be determined according to branches of insurance and an overall raising of social insurance funds shall be practiced step by step. Employing unit and labourers must participate in social insurance and pay social insurance premiums in accordance with the law.	Employers will provide all legally mandated benefits to all eligible workers.	Legally required social insurance not provided to all workers.	Document review and worker interviews	yes			Please provide all workers with their legally required social insurance benefit.	3/30/2005							
Wage Benefits Awareness		Employers will communicate orally and in writing to all employees in language of worker the wages, incentive systems, benefits and bonuses to which all workers are entitled in that company and under the applicable law.	Workers do not clearly understand how bonus system is calculated (knitting section only).	Document review and worker interviews	yes			Please educate workers in knitting section on how to calculate the factory bonus for their job function.	3/30/2005							
Pay statement		Employers will provide workers a pay statement each pay period, which will show earned wages, regular and overtime pay, bonuses and all deductions.	Some workers did not receive a pay statement.	worker interviews	yes			Ensure all workers receive a pay slip for each pay period. It is a good practice to have workers sign when they receive their wages and payslip.	3/30/2005							
9. Hours of Work																
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 Explanation		Employers shall be able to provide explanation for all periods when the extraordinary business circumstances exception has been used. Employers shall take reasonable steps to inform workers about the nature and expected duration of the circumstances.	Some workers mentioned that they worked on Sundays in cases of urgent orders, no documents proving this were found.	worker interviews	no			It was noted in audit report that due to energy crisis, there was no power on Tuesdays and rest day was shifted. Please ensure that workers work no more than 6 consecutive days before receiving at least 1 uninterrupted 24 hour period of rest. Workers should receive advance notice when rest day will be shifted and reasons for change.	3/30/2005							
10. Overtime Compensation																
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.																
Miscellaneous																