

FLA Audit Profile	
Country	Korea
Factory name	12024075C
IEM	Global Standards
Date(s) in facility	October 23, 2004
PC(s)	Nordstrom; Reebok
Number of workers	49
Product(s)	Apparel
Production processes	Cutting, Sewing, Inspection, Packing

Findings							Remediation				
FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	Monitor's Findings	Documentation (If Finding Corroborated/ Verified Via Multiple Sources, List All)	Was Finding Corroborated? Yes or No	If Not Corroborated, Explain Why	Best Practice	PC Internal Audit Findings (Optional)	PC Remediation Plan	Target Completion Date	Factory Response (Optional)
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.	Nordstrom code placed under an unused machine, other brands' codes posted on the wall. However, there is no Nordstrom production in this facility.	Visual Inspection	Yes			<i>The following letter summarizes the history of our remediation efforts following an independent audit of [Factory name] by the Fair Labor Association, and the partnership with the factory in order to protect workers when the factory announced its closure in December 2004. Following the factory closure, we adjusted our remediation efforts to focus on ethical termination issues.</i>			
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.	As the code is not in place, this information cannot be ascertained.	Worker interviews	N/A			<i>[Factory name] closed on February 10, 2005, as a result of its parent company moving production out of Korea. In December 2004, when Reebok and Nordstrom announced their impending closure, we immediately requested that factory management ensure that workers would receive the proper wages and benefits, including severance. We also requested that workers be informed of the closure. In response, the owner of [Factory name] ... provided a written commitment to follow all legal requirements. A copy of that commitment is available at Reebok headquarters.</i>			
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.	As the code is not in place, this information cannot be ascertained.	Visual inspection; Worker interviews	N/A			<i>Working closely with our local monitors and agents, [Factory name] management followed the following steps to ensure that workers were provided all the legal protections required: (a) consultation with the local trade union and worker representatives, factory workers a 1 month notice prior to the factory closing; (b) management provided workers with the proper wages in compliance with local requirements for December through the time of closure. Payments were verified through payroll records.</i>			
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.											
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.											
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 or abuse.											
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.											
6. Health and Safety											
<i>(c) Factory management provided all eligible workers the proper legal per payments. Payments were based on each worker's length of employment in accordance with local law. Payments were verified through payroll records. The PCs' monitor obtained documentation from the Health Insurance Bureau and the Labor Bureau for further verification.</i>											
<i>(d) Factory management provided workers payment for unused annual vacation pay at the time of closure. However, the factory did not properly pay unused monthly wages at the time of closure. Factory management had incorrectly deducted moratorium pay for unused holidays worked, but the employment agreement included a provision for moratorium pay to be deducted. We estimated that \$1930 was to be paid back to these workers at the time of closure. The PCs' monitor worked with factory management and our local agents to ensure that back payments to workers.</i>											

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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.								(e) Factory management provided workers with assistance to apply for un			

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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 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.	Additional evacuation plans need to be posted around the factory. Stairwells blocked by materials. Moreover, 3 exit doors open inwards. Aisles are too narrow. 2 emergency lights are not working.	Visual inspection	Yes			<p>with the Employment Insurance Bureau. Workers received an allowance for employment, depending on their length of employment and age, under the unemployment contribution laws. Workers were also eligible to receive re-education language and computer skills.</p> <p>(f) The factory was also able to arrange jobs for 10 workers in other factories. Nordstrom verified that proper severance and back payments were made and that the factory lost track of following closure. After an in-depth search to identify the factory donated remaining monies owed to the workers to a local non-profit process, Reebok and Nordstrom representatives were in continuous dialogue with management, as well as with our respective sourcing managers, to verify.</p>			
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.	Most of fire extinguishers are not marked. In addition, no updated inspection of them.	Visual inspection	Yes						
PPE	Industrial Safety and Health Act: Article 33 (1) Machines and instruments required for harmful or dangerous work or operated by 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.	Iron gloves, goggles and masks are provided, but not in use.	Visual inspection; Worker interview	Yes						
Chemical Management	Industrial Safety and Health Act: Article 39 (1) Any person who desires to put or pack in a container benzene, preparations containing benzene or other harmful or dangerous substances shall label the following information on the container: denomination; ingredients and content; effect on human body; warnings.	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.	Chemicals should be properly labeled.	Visual inspection	Yes						
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, damp proofing, 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.	No ventilation system.	Visual inspection	Yes						
Record Maintenance	Industrial Safety and Health Act: Article 10-2 The business owner shall maintain all safety and accident reports for 3 years.	All safety and accident reports shall be maintained for at least 1 year, or longer if required by law.	Even though there was an accident 4 months ago, no accident reports are kept on file.	Visual inspection; Worker interview	Yes						
7. Freedom of Association and Collective Bargaining											
Employers will recognize and respect the right of employees to freedom of association and collective bargaining.											
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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Legal benefits	Employment Insurance Act: Article 9 The business owner and workers shall automatically become the insured; National Health Insurance Act: Article 8 All business owners, employees, government employees and school workers are classified as employed insured; National Pension Act: Article 6 Citizens of the Republic of Korea aged from 18 to less than 60 and who reside in the Republic of Korea shall be covered under National Pension Act.	Employers will provide all legally mandated benefits to all eligible workers.	Social insurance benefits are not provided to all workers.	Management interview; Records review	Yes						
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.											
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.											
OT Compensation	Labor Standards Act : Article 55 An employer shall pay additional remuneration of more than 50 percentage points of normal remuneration for extended works	The factory shall comply with applicable law for premium rates for overtime compensation	Best practice	Management interview; Records review			Factory applies higher OT rates after 8 pm (exceeds the law).				
Miscellaneous											