

## FLA Audit Profile

<b>Factory Code</b>	<b>080015997G</b>
<b>Country</b>	<b>China</b>
<b>FLA Affiliate</b>	<b>Nordstrom</b>
<b>Monitor</b>	<b>Level Works Limited</b>
<b>Audit Date</b>	<b>December 29 – 30<sup>th</sup>, 2008</b>
<b>Products</b>	<b>Knitwear</b>
<b>Processes</b>	<b>Knitting, Linking, Washing, Pressing, Hand Stitching, Sewing, Inspection, Packing.</b>
<b>Number of Workers</b>	<b>139</b>



**FAIR LABOR**  
ASSOCIATION™

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## Wages, Benefits and Overtime Compensation: A. Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** Not all workers in factory are entitled to the 5 social insurance schemes. The details are listed below: Based on document reviews and management interviews, all employees participated in retirement insurance, unemployment insurance, illness insurance and disability caused by work-related injury or occupational disease insurance; only 1 employee participated in the child-bearing insurance. Receipts of the most recent three months and social benefits annual review certificate were valid. Supporting Evidence / Sources: Documents review and management interviews.

**Plan Of Action:** Shenzhen social insurance regulation requirements are that Shenzhen Locals must participate in synthesized illness insurance. For migrant workers, factory must choose 1 of 3 illness insurances and have options to select any one of them. The government encourages factories to buy synthesized illness insurance as it provides more guarantees to workers. The illness insurance the factory currently bought for all migrant workers is migrant worker illness insurance. Factory will select synthesized illness insurance for its migrant workers step by step and a little at a time. The factory will create a long term plan to increase coverage of workers, with synthesized illness insurance, at 5-10 percent annually.

**Deadline Date:** 12/30/2009

**Supplier CAP:**

**Supplier CAP Date:** 07/01/2009

**Action Taken:** May 25, 2009: The factory is checking the requirements with the local social insurance bureau. This is still in process.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Wages, Benefits and Overtime Compensation: B. Minimum Wage

WBOT.2 Employers shall pay workers at least the legal minimum wage or the prevailing industry wage, whichever is higher. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of 'minimum wage', 'overtime wage' and 'overtime hours' could not be verified. Supporting evidences / sources: a. As per QC Size Inspection Records review, one worker had carried out inspection on July 6th, 2008, September 14th, 28th, 2008 (Sundays); b. As per Materials Releasing and Receiving Records in warehouse review, some workers had released/received materials during work time on July 6th, 2008, August 31st, 2008, October 2nd, 12th, 2008 (Sundays and Public Holiday); c. As per Boiler Running Inspection Records review, one worker had worked on July 6th, 13th, 27th, 2008, August 17th, 2008 and December 7th, 2008 (Sundays); d. As per Workers Releasing Records review, one worker had applied for leave on July 13th, 2008 (Sunday); but these public holiday and Sundays working hours were not indicated on workers' time attendance records; moreover, there is no information shown on payroll records to demonstrate these working hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

**Plan Of Action:** Factory is required to ensure all working hours, overtime, wages and benefits must be completely and accurately recorded all persons engaged in work in the factory in one central set of records. Workers shall record their own hours. These records must be made available to auditors upon request for monitoring purposes in a timely manner. Factory should provide full on-site documentation at the factory for review to ensure workers are provided at least the minimum wage or prevailing industry wages.

**Deadline Date:** 06/01/2009

**Supplier CAP:** The factory explained that some workers regularly forgot to record their in/out time. When this happened, the factory may not have been aware, and when calculating wages neglected to provide compensation for these days. If workers raised this to their supervisors, the supervisor would investigate and arrange for payment. The factory reiterated the clock in & out policy and had reminded all supervisors to monitor workers to clock in & out.

**Supplier CAP Date:** 05/25/2009

**Action Taken:** May 25, 2009: Nordstrom has communicated to the factory to be open regarding the real situation of hours and wages at the factory. Nordstrom does not want factories using double books. Instead, we want to review total documentation, understand the real situation at the factory and make progress through a continuous improvement model. If a factory is transparent and cooperative, we will accept a factory's current status regarding wages and hours if the factory is open and commits to making agreed upon wage increases and other improvements within agreed upon time-lines that can be verified. Transparency will be subject to on-site verification to occur by October 2009. Next steps will be discussed at that time.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

Action Verified Text:  
 Action Verified Date:  
 Comments:

## Wages, Benefits and Overtime Compensation: F. Payment for All Hours Worked

WBOT.7 Workers shall be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory provided attendance records and payroll records were undependable and unverifiable; therefore, the compliance status of 'minimum wage', 'overtime wage' and 'overtime hours' could not be verified. Supporting evidences / sources:  
 a. As per QC Size Inspection Records review, one worker had carried out inspection on July 6th, 2008, September 14th, 28th, 2008 (Sundays);  
 b. As per Materials Releasing and Receiving Records in warehouse review, some workers had released/received materials during work time on July 6th, 2008, August 31st, 2008, October 2nd, 12th, 2008 (Sundays and Public Holiday);  
 c. As per Boiler Running Inspection Records review, one worker had worked on July 6th, 13th, 27th, 2008, August 17th, 2008 and December 7th, 2008 (Sundays);  
 d. As per Workers Releasing Records review, one worker had applied for leave on July 13th, 2008 (Sunday); but these public holiday and Sundays working hours were not indicated on workers' time attendance records; moreover, there is no information on payroll records to demonstrate these working hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

**Plan Of Action:** Factory is required to ensure all working hours, overtime, wages and benefits must be completely and accurately recorded all persons engaged in work in the factory in one central set of records. Workers shall record their own hours. These records must be made available to auditors upon request for monitoring purposes in a timely manner. Factory should provide full documentation on-site at the factory for review to ensure workers are paid for all working hours and overtime hours worked.

**Deadline Date:** 06/01/2009

**Supplier CAP:** The factory explained that some workers regularly forgot to record their in/out time. When this happened, the factory may not have been aware, and when calculating wages neglected to provide compensation for these days. If workers raised this to their supervisors, the supervisor would investigate and arrange for payment.

**Supplier CAP Date:** 05/25/2009

**Action Taken:** May 25, 2009: Factory has educated and retrained workers regarding clock in & out policy and has reminded all supervisors to monitor workers to clock in & out. Nordstrom has communicated to the factory to be open regarding the real situation of hours and wages at the factory. Nordstrom does not want factories using double books. Instead, we want to review total documentation, understand the real situation at the factory and make progress through a continuous improvement model. If a factory is transparent and cooperative, we will accept a factory's current status

regarding wages and hours if the factory is open and commits to making agreed upon wage increases and other improvements within agreed upon time-lines that can be verified. Transparency will be subject to on-site verification to occur by October 2009. Next steps will be discussed at that time.

**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

## Wages, Benefits and Overtime Compensation: I. Premium/Overtime Compensation

WBOT.10 The factory shall comply with all applicable laws, regulations and procedures governing the payment of premium rates for work on holidays, rest days, and overtime. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of 'minimum wage', 'overtime wage' and 'overtime hours' could not be verified. Supporting evidences / sources:  
 a. As per QC Size Inspection Records review, one worker had carried out inspection on July 6th, 2008, September 14th, 28th, 2008 (Sundays);  
 b. As per Materials Releasing and Receiving Records in warehouse review, some workers had released/received materials during work time on July 6th, 2008, August 31st, 2008, October 2nd, 12th, 2008 (Sundays and Public Holiday);  
 c. As per Boiler Running Inspection Records review, one worker had worked on July 6th, 13th, 27th, 2008, August 17th, 2008 and December 7th, 2008 (Sundays);  
 d. As per Workers Releasing Records review, one worker had applied for leave on July 13th, 2008 (Sunday); but these public holiday and Sundays working hours were not indicated on workers' time attendance records; moreover, there is no information shown on payroll records to demonstrate these working hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

**Plan Of Action:** Factory is required to ensure all working hours, overtime, wages and benefits must be completely and accurately recorded all persons engaged in work in the factory in one central set of records. Workers shall record their own hours. These records must be made available to auditors upon request for monitoring purposes in a timely manner. Factory should provide full documentation on-site at the factory for review to ensure workers are being paid at correct overtime premiums.

**Deadline Date:** 06/01/2009

**Supplier CAP:** The factory explained that some workers regularly forgot to record their in/out time. When this happened, the factory may not have been aware, and when calculating wages neglected to provide compensation for these days. If workers raised this to their supervisors, the supervisor would investigate and arrange for payment.

**Supplier CAP Date:** 05/25/2009  
**Action Taken:** May 25, 2009: Factory has educated and retrained workers regarding clock in & out policy and has reminded all supervisors to monitor workers to clock in & out. Nordstrom has communicated to the factory to be open regarding the real situation of hours and wages at the factory. Nordstrom does not want factories using double books. Instead, we want to review total documentation, understand the real situation at the factory and make progress through a continuous improvement model. If a factory is transparent and cooperative, we will accept a factory's current status regarding wages and hours if the factory is open and commits to making agreed upon wage increases and other improvements within agreed upon timelines that can be verified. Transparency will be subject to on-site verification to occur by October 2009. Next steps will be discussed at that time.

**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

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## Wages, Benefits and Overtime Compensation: O. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of 'minimum wage', 'overtime wage' and 'overtime hours' could not be verified. Supporting evidences / sources:  
a. As per QC Size Inspection Records review, one worker had carried out inspection on July 6th, 2008, September 14th, 28th, 2008 (Sundays);  
b. As per Materials Releasing and Receiving Records in warehouse review, some workers had released/received materials during work time on July 6th, 2008, August 31st, 2008, October 2nd, 12th, 2008 (Sundays and Public Holiday);  
c. As per Boiler Running Inspection Records review, one worker had worked on July 6th, 13th, 27th, 2008, August 17th, 2008 and December 7th, 2008 (Sundays);  
d. As per Workers Releasing Records review, one worker had applied for leave on July 13th, 2008 (Sunday); but these public holiday and Sundays working hours were not indicated on workers' time attendance records; moreover, there is no information shown on payroll records to demonstrate these working hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

**Plan Of Action:** Factory is required to ensure all that working hours, overtime, wages and benefits must be completely and accurately recorded for all persons engaged in work in the factory in one central set of records. Workers shall record their own hours. These records must be made available to auditors

upon request for monitoring purposes in a timely manner.

**Deadline Date:** 06/01/2009

**Supplier CAP:** The factory explained that some workers always forgot to record their in/out time. When this happened, the factory may not aware when calculating wages and thus, these days were not pay unintentionally. If workers raised this out to their supervisor, the supervisor will investigate and back paid to workers.

**Supplier CAP Date:** 05/25/2009

**Action Taken:** May 25, 2009: Nordstrom has communicated to the factory to be open regarding the real situation of hours and wages at the factory. Nordstrom is not afraid to know the true situation at the factory. We want the factory to be open regarding the real situation of hours and wages at the factory. Nordstrom will not pull orders based upon these results. Because Nordstrom won't terminate a factory for revealing low paid wages and high hours worked, there is no need for using double books. We do not want factories using double books. Instead, we want to review total documentation, understand the real situation at the factory and make progress through a continuous improvement model. If a factory is transparent and cooperative, Nordstrom will not terminate a factory in cases of under paying workers below minimum wages and working longer hours. We do not have a bottom line for wages and work hours. We will accept a factory's current status regarding wages and hours IF the factory is open, commits to making agreed upon wage increases and other improvements within agreed upon time-lines that can be verified. Next on-site verification to occur by October 2009. Next steps will be discussed at that time.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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## Wages, Benefits and Overtime Compensation: V. Pay Statement

WBOT.26 Employers shall provide workers a pay statement each pay period, which shall show earned wages, wage calculations, regular and overtime pay, bonuses, all deductions and final total wage. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** It was noted that no pay stubs were provided for workers when they received factory paid wages. Supporting evidences / sources: Factory Management and Workers interview

**Plan Of Action:** Factory is required to provide workers pay stubs showing all regular hours, overtime hours, net pay, gross pay and any legal deductions taken.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** May 25, 2009: The factory had provided pay stubs to workers. This issue has been completed and verified per documentation and photo review.

Plan Complete:  
 Plan Complete Date:  
 Action Verified:  
 Action Verified Text:  
 Action Verified Date:  
 Comments:

## Freedom of Association: B. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** 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.

**Plan Of Action:** Factory is required to create and post a written policy displayed in an areas that all workers can review, that recognizes and respects Freedom of Association and Collective Bargaining.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** May 25, 2009: The written policy recognizing and respecting freedom of association and collective bargaining had been established. Verification review of documentation and photos showing existing policy and posting in factory.

Plan Complete:  
 Plan Complete Date:  
 Action Verified:  
 Action Verified Text:  
 Action Verified Date:  
 Comments:

## Freedom of Association: Z. Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers.  
(P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory did not have a written grievance procedure. However there was a suggestion box set on the 1/F of the production building. Supporting Evidence / Sources: Factory tour, documents review and management interviews.

**Plan Of Action:** The factory is required to create and post a grievance procedure policy in the factory and train all workers on the grievance procedure policy for understanding. Factory can do this during established factory training such as health and safety or new hire orientation.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** May 25, 2009: The grievance procedure had been added to the factory regulation and verified via documentation review.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Freedom of Association: ZB. Other - Freedom of Association and Collective Bargaining

Other

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory did not have a written policy recognizing and respecting freedom of association and collective bargaining. Supporting Evidence / Sources: Documents review and management interviews.

**Plan Of Action:** Factory is required to create and post a written policy displayed in an areas that all workers can review, that recognizes and respects Freedom of Association and Collective Bargaining.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** May 25, 2009: The written policy recognizing and respecting freedom of association and collective bargaining had been established and posted in facility. This is verified via documentation review.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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### Miscellaneous: A. Code Awareness

GEN.2 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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:**

1. Nordstrom code of conduct was not posted in the factory. According to factory management, Nordstrom did not provide their code of conduct to them. Supporting Evidence / Sources: Documents review and management interview

2. According to management and workers interviews, Nordstrom did not communicate its code obligations to management and workforce. The workers were not oral informed or trained on its code. All interviewees did not know the Company Code of Conduct. Supporting Evidence / Sources: Documents review, management and workers interview

**Plan Of Action:** Nordstrom will provide Code of Conduct Poster. Factory must post Nordstrom Partnership Guidelines Code of Conduct poster in the factory where all workers can review it. Factory is required to ensure the training on the Nordstrom Code of Conduct is implemented. Factory can do this during established factory training such as health and safety or new hire orientation.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:** 05/25/2009

**Action Taken:** May 25, 2009: Nordstrom poster is now posted in the factory and workers have been educated on Nordstrom code of conduct requirements. This is verified via documentation review and visually seeing poster in facility.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

GEN.3 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.

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** It was noted that no noncompliance reporting mechanism established in the factory which allows factory workers to contact Nordstrom. Supporting Evidence / Sources: Documents review and management interview

**Plan Of Action:** Nordstrom will provide a poster which provides a phone number where workers can reach company. Additionally, Nordstrom will research communication and reporting mechanism options and provide factory with an action plan. Factory will then establish the secure communication channel that is confidential and reports concerns to Nordstrom.

**Deadline Date:** 12/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** May 25, 2009: Nordstrom is still in progress of determining action plan and next steps for implementing a communication channel.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Health and Safety: H. Permits and Certificates

H&S.8 The employer shall at all times be in possession of all legally required and valid permits and certificates related to health and safety issues, such as those related to the purchase and storage of chemicals, fire safety inspections, inspection of machinery, and (chemical) waste disposal. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** It was noted that no fire service inspection certificate for the dormitory buildings was provided in the factory. Supporting Evidence / Sources: Documents review and management interviews.

**Plan Of Action:** Factory is required to obtain fire inspection certification for dormitory buildings and maintain this certification and keep it on-site at the factory for review

**Deadline Date:** 06/01/2009

**Supplier CAP:** The dormitory building is lent from the building owner. The factory is still liaising with the landlord to obtain the fire service inspection certificate.

**Supplier CAP Date:** 05/25/2009

**Action Taken:** May 25, 2009: The dormitory building is lent from the building owner. The

factory is still liaising with the landlord to obtain the fire service inspection certificate.

**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

## Health and Safety: I. Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** It was noted that one emergency exit on 1/F of the production building was locked during working hours. Supporting Evidence / Sources: Factory Tour

**Plan Of Action:** Factory is required to ensure all exits remain unlocked during work hours. If security is an issue, install a push-bar system to ensure workers can exit the building.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** May 25, 2009: The emergency exit on 1/F of the production building was unlocked. This is verified via documentation and site review.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Health and Safety: J. 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)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent	Level Works	1 (out of 5)

External  
Monitoring

**Explanation:** It was noted that two fire extinguishers in boiler room were blocked by sundries. Supporting Evidence / Sources: Factory Tour

**Plan Of Action:** Factory is required to ensure all fire extinguishers are unblocked at all times so they can be accessed quickly in case of emergency situation.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** May 25, 2009: The two blocked fire extinguishers in the boiler room are not in use and have been removed from the boiler room. Nordstrom also advised and recommended that the factory create an internal health and safety committee to regularly check the facility and help maintain safety compliance standards. This is verified via documentation and visual inspection. Nordstrom will check on the health and safety committee during next assessment and next factory visit.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

## Health and Safety: N. Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** It was noted that no MSDS was posted in the chemical using areas in washing section, such as Softener and Acetic Acid etc. Supporting Evidence / Sources: Factory Tour

**Plan Of Action:** Factory is required to ensure MSDS sheets are posted for every chemical stored inside the washing section.

**Deadline Date:** 06/01/2009

**Supplier CAP:**

**Supplier CAP Date:**

**Action Taken:** May 25, 2009: MSDS sheets are now posted for every chemical stored inside the areas in washing section. This is verified via documentation review and visual inspection of posted sheets.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

Comments:

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**Hours of Work: B. Rest Day**

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of 'minimum wage', 'overtime wage' and 'overtime hours' could not be verified. Supporting evidences / sources:  
 a. As per QC Size Inspection Records review, one worker had carried out inspection on July 6th, 2008, September 14th, 28th, 2008 (Sundays);  
 b. As per Materials Releasing and Receiving Records in warehouse review, some workers had released/received materials during work time on July 6th, 2008, August 31st, 2008, October 2nd, 12th, 2008 (Sundays and Public Holiday);  
 c. As per Boiler Running Inspection Records review, one worker had worked on July 6th, 13th, 27th, 2008, August 17th, 2008 and December 7th, 2008 (Sundays);  
 d. As per Workers Releasing Records review, one worker had applied for leave on July 13th, 2008 (Sunday); but these public holiday and Sundays working hours were not indicated on workers' time attendance records; moreover, there is no information shown on payroll records to demonstrate these working hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

**Plan Of Action:** Factory is required to ensure all working hours, overtime, wages and benefits must be completely and accurately recorded all persons engaged in work in the factory in one central set of records. Workers shall record their own hours. These records must be made available to auditors upon request for monitoring purposes in a timely manner. Factory should ensure workers are working within legal overtime limit during non-peak production periods and receiving 1 day of rest after 6 consecutive days worked.

**Deadline Date:** 06/01/2009

**Supplier CAP:** The factory explained that some workers regularly forgot to record their in/out time. When this happened, the factory may not have been aware, and when calculating wages neglected to provide compensation for these days. If workers raised this to their supervisors, the supervisor would investigate and arrange for payment.

**Supplier CAP Date:** 05/25/2009

**Action Taken:** May 25, 2009: The factory has reeducated to workers and management about clock in & out policy and reminded all supervisors to monitor workers to clock in & out. Nordstrom has communicated to the factory to be open regarding the real situation of hours and wages at the factory. Nordstrom does not want factories using double books. Instead, we want to review total documentation, understand the real situation at the factory and make progress through a continuous improvement model. If a factory is transparent and cooperative, we will accept a factory's current status regarding wages and hours if the factory is open and commits to making agreed upon wage increases and other improvements within agreed upon

time-lines that can be verified. Transparency will be subject to on-site verification to occur by October 2009. Next steps will be discussed at that time.

**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

## Hours of Work: F. Time Recording System

HOW.6 Time worked by all workers, regardless of compensation system, shall be fully documented by time cards or other accurate and reliable recording systems such as electronic swipe cards. Employers are prohibited from maintaining multiple time-keeping systems and/or false records for any fraudulent reason, such as to falsely demonstrate working hours. Time records maintained shall be authentic and accurate. (P)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory provided attendance records and payroll records that were un dependable and unverifiable; therefore, the compliance status of 'minimum wage', 'overtime wage' and 'overtime hours' could not be verified. Supporting evidences / sources:  
 a. As per QC Size Inspection Records review, one worker had carried out inspection on July 6th, 2008, September 14th, 28th, 2008 (Sundays);  
 b. As per Materials Releasing and Receiving Records in warehouse review, some workers had released/received materials during work time on July 6th, 2008, August 31st, 2008, October 2nd, 12th, 2008 (Sundays and Public Holiday);  
 c. As per Boiler Running Inspection Records review, one worker had worked on July 6th, 13th, 27th, 2008, August 17th, 2008 and December 7th, 2008 (Sundays);  
 d. As per Workers Releasing Records review, one worker had applied for leave on July 13th, 2008 (Sunday); but these public holiday and Sundays working hours were not indicated on workers' time attendance records; moreover, there is no information shown on payroll records to demonstrate these working hours were paid by the factory. Corresponding workers were interviewed to corroborate the issue.

**Plan Of Action:** Factory to ensure all working hours, overtime, wages and benefits must be completely and accurately recorded all persons engaged in work in the factory in one central set of records. Workers shall record their own hours. These records must be made available to auditors upon request for monitoring purposes in a timely manner. Provide full documentation on-site at the factory for review to ensure workers are paid for all working hours and overtime hours worked.

**Deadline Date:** 06/01/2009

**Supplier CAP:** The factory explained that some workers regularly forgot to record their in/out time. When this happened, the factory may not have been aware, and when calculating wages neglected to provide compensation for these days. If workers raised this to their supervisors, the supervisor would investigate and arrange for payment.

**Supplier CAP Date:** 05/25/2009

**Action Taken:** May 29, 2009: The factory has reeducated to workers and management about clock in & out policy and reminded all supervisors to monitor workers to clock in & out. Nordstrom has communicated to the factory to be open regarding the real situation of hours and wages at the factory. Nordstrom does not want factories using double books. Instead, we want to review total documentation, understand the real situation at the factory and make progress through a continuous improvement model. If a factory is transparent and cooperative, we will accept a factory's current status regarding wages and hours if the factory is open and commits to making agreed upon wage increases and other improvements within agreed upon time-lines that can be verified. Transparency will be subject to on-site verification to occur by October 2009. Next steps will be discussed at that time.

**Plan Complete:**  
**Plan Complete Date:**  
**Action Verified:**  
**Action Verified Text:**  
**Action Verified Date:**  
**Comments:**

### Hours of Work: J. Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Audit Date	Audit Type	Audit Scope	Auditor	Score
12/29/2008	External	FLA Independent External Monitoring	Level Works	1 (out of 5)

**Explanation:** The factory provided attendance records and payroll records that were undependable and unverifiable; therefore, the compliance status of 'minimum wage', 'overtime wage' and 'overtime hours' could not be verified. Supporting evidences / sources:  
 a. As per QC Size Inspection Records review, one worker had carried out inspection on July 6th, 2008, September 14th, 28th, 2008 (Sundays);  
 b. As per Materials Releasing and Receiving Records in warehouse review, some workers had released/received materials during work time on July 6th, 2008, August 31st, 2008, October 2nd, 12th, 2008 (Sundays and Public Holiday);  
 c. As per Boiler Running Inspection Records review, one worker had worked on July 6th, 13th, 27th, 2008, August 17th, 2008 and December 7th, 2008 (Sundays);  
 d. As per Workers Releasing Records review, one worker had applied for leave on July 13th, 2008 (Sunday); but these public holiday and Sundays working hours were not indicated on workers' time attendance records; moreover, there is no information shown on payroll records to demonstrate these working hours were paid by factory. Corresponding workers were interviewed to corroborate the issue.

**Plan Of Action:** Factory is required to ensure all working hours, overtime, wages and

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benefits must be completely and accurately recorded all persons engaged in work in the factory in one central set of records. Workers shall record their own hours. These records must be made available to auditors upon request for monitoring purposes in a timely manner. Factory should provide full documentation on-site at the factory for review to ensure workers are paid for all working hours and overtime hours worked.

**Deadline Date:** 06/01/2009

**Supplier CAP:** The factory explained that some workers regularly forgot to record their in/out time. When this happened, the factory may not have been aware, and when calculating wages neglected to provide compensation for these days. If workers raised this to their supervisors, the supervisor would investigate and arrange for payment.

**Supplier CAP Date:** 05/25/2009

**Action Taken:** May 25, 2009: The factory has notified workers and management about clock in & out policy and reminded all supervisors to monitor workers to clock in & out. Nordstrom has communicated to the factory to be open regarding the real situation of hours and wages at the factory. Nordstrom does not want factories using double books. Instead, we want to review total documentation, understand the real situation at the factory and make progress through a continuous improvement model. If a factory is transparent and cooperative, we will accept a factory's current status regarding wages and hours if the factory is open and commits to making agreed upon wage increases and other improvements within agreed upon time-lines that can be verified. Transparency will be subject to on-site verification to occur by October 2009. Next steps will be discussed at that time.

**Plan Complete:**

**Plan Complete Date:**

**Action Verified:**

**Action Verified Text:**

**Action Verified Date:**

**Comments:**

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