

FLA Audit Profile	
Country	China
Factory Name	05021549D
JEM	Global Standards
Date(s) in Facility	September 14-15, 2005
PC(s)	Liz Claiborne, Inc., Nordstrom, Inc.
Number of Workers	1450
Product(s)	Garments
Production Processes	Cutting, Sewing, Ironing, Embroidery, Washing, Finishing

FLA Code/ Compliance Issue	Country Law/Legal Reference	FLA Benchmark	JEM Findings					Remediation				iStatus	Updates (Cite Date of Follow Up)		
			Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation Used for Corroborating	Notable Features Implemented by Management or Company	PC Remediation Plan	Target Completion Date	Company Follow Up (November 23, 2005)		Documentation	Completed: Pending: Ongoing	Company Follow Up
1. Code Awareness															
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.															
Legal Compliance for Juvenile Workers	Circular of Ministry of Labor on Issuing Provisions on Special Protections for Juvenile Workers (LMI No. 498 of 1994). 17 Regulations Pertaining to Labor Law, Ministry of Labor, China Labor Press. Governs employment of workers between 16 and 17 years of age. Specifies types of labor which shall not be performed by juvenile workers, and lists medical conditions which shall bar a juvenile from working. Juvenile workers shall be registered and undergo regular medical examinations. Date of entry into force: 1995-01-01	Employers will comply with applicable laws that apply to young workers, i.e., those between minimum working age and the age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	There are juvenile workers in the factory, but the factory doesn't have a permit from local government for hiring juvenile workers.			record review, management interview		Factory to obtain the necessary permit for employing juvenile workers. Employers will comply with applicable laws that apply to young workers, i.e., those between the minimum working age and the age of 18, including regulations relating to hiring, working conditions, types of work, hours of work, proof of age documentation, and overtime.	11/1/2005	Agent Reaudit 11/23/05		Complete	Mgmt asserts that worker's handbook was updated November 2, 2005. Included in Section 3 is that factory will strictly prohibit recruitment and use of child labor. Current policy has reflected the procedure of hiring juvenile workers in accordance with the labor law.	Confirmed by agent 1/9/06	
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.															
Training of Management in Disciplinary Practices		Employers will provide training to managers and supervisors in appropriate disciplinary practices.	No specific training on this issue for the management.			management interview		Factory to provide training to managers and supervisors in appropriate disciplinary practices.	11/1/2005	Agent Reaudit 11/23/05		Complete	Complete. Based on November 1, 2005 managers' meeting minutes, 17 people attended and signed. The managers were reminded not to use offensive words to reprimand employees and should be more patient in guiding them to improve their performance.		
Monetary Fines and Penalties		Employers will not use monetary fines and penalties for poor performance.		It is written in workers' handbook that if workers are absent for less than half a day, it will be counted as half a day, if less than 1 day, will be counted as 1 day, if workers leave workplace over 30 minutes, they will be counted as being absent. But the management explained that they deducted for actual minutes in practice, which was proved through payroll review.		record review, management interview		Factory to update workers' handbook to reflect current practice regarding monetary deduction for tardiness. Employers will not use monetary fines and penalties for poor performance.	11/1/2005	Agent Reaudit 11/23/05		Complete	Complete. The revised and updated articles are posted in public on notice board and the payroll record of September 2005 was checked okay.		
Other			In cases where discipline process results in termination, there is no policy which provides workers with an opportunity to reply, challenge or make appeals against the termination.			record review		Factory advised to create policy for termination review between worker and management.	11/1/2005	Agent Reaudit 11/23/05		Complete	Complete. The factory established written policy and posted in public to employees on notice board.		

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.													
Hiring Discrimination Practices		Employment decisions will be made solely on the basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	There are 2 articles in workers' handbook, one saying factory will not hire juvenile workers, another one saying factory can hire juvenile workers. Factory hires juvenile workers and they are currently employed in the facility.			record review, management interview, worker interview		Factory to update worker's handbook to reflect current policy regarding hiring juvenile workers. Ensure that all workers are of legal working age, proof of age documents kept on file and that young workers protected from hazardous or dangerous working conditions and hours. Employment decisions will be made solely on basis of education, training, demonstrated skills or abilities. All employment decisions will be subject to this provision. They include: hiring, job assignment, wages, bonuses, allowances, and other forms of compensation, promotion, discipline, assignment of work, termination of employment, provision of retirement.	11/1/2005	Agent Reaudit 11/23/05	Complete	Mgmt asserts worker's handbook was updated November 2, 2005. Included in Section 3 is that the factory will strictly prohibit recruitment and use of child labor. Current policy has reflected procedure of hiring juvenile workers in accordance with the labor law.	Confirmed by agent 1/9/06
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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													
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.	Found some fire extinguishers are blocked. Found washing department doesn't have enough emergency light.			Visual inspection		1) Factory advised to ensure that 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 at all times. 2) Factory advised to ensure that all emergency exits are marked and have battery-backed lights.	11/1/2005	Agent Reaudit 11/23/05	Complete	1) Agent checked all extinguishers in factory, which are easily accessible. 2) Agent checked that factory had sufficiently installed emergency lights	
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Part of sewing machines do not have needle guards and protective covers.			Visual inspection		Factory advised that all production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	11/1/2005	Agent Reaudit 11/23/05	Complete	Agent confirmed sewing machines have needle guards and protective covers.	Confirmed by agent, May 9 2006.
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.	Found worker doesn't use PPE at chemical storage room.			Visual inspection		Factory advised to ensure that workers wear appropriate protective equipment (gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (inhalation or contact with solvent vapors, noise, dust, etc.) to hazardous elements including medical waste. Factory advised to communicate importance of wearing PPE and possible side effects from not.	11/1/2005	Agent Reaudit 11/23/05	Complete	Agent ensured that necessary PPE, e.g. masks, gloves, aprons, were provided to workers in chemical storage room.	
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.	Found some chemical tanks without Chinese label.			Visual inspection		Factory advised that 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.	11/1/2005	Agent Reaudit 11/23/05	Complete	Agent verified that chemical tanks are stored with Chinese labels.	
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Extractor covers do not close/lock when use.			Visual inspection		Factory advised that all production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	11/1/2005	Agent Reaudit 11/23/05	Complete.	Agent verified that safety operating instructions were posted to ensure extractor is closed and locked when in use.	Confirmed by agent, May 9 2006.
Sanitation in Facilities		All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	Found drinking water machines are leaking and may be hazardous to workers.					Factory to ensure that drinking machines are working properly or repaired as necessary to ensure the safety of the drinking water. All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with applicable laws.	11/1/2005	Agent Reaudit 11/23/05	Complete	Agent verified that no leakage was found from drinking machines in workshop.	

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	Trade Union Law, Article 2: Trade Union is a public organization formed by laborers' free will. Article 9 (2): Trade Union Committee in each level is elected by members or members' representatives through democratic election. Trade Union Regulation, Article 10: Chairman and vice-chairman are directly elected by members or members' representatives, or root committee of trade union.	Workers' organizations have the right to elect their representatives and conduct their activities without employer interference.	The trade union is formed by the management, the chairman is also the manager of HR department and chosen by the management. Workers' representatives are also chosen by the management.	record review, management interview, workers interview	Factory to ensure that workers' organizations have the right to elect their representatives and conduct their activities without employer interference.	11/1/2005	Agent Reaudit 11/23/05	Ongoing	Agent discussed issue at factory and Mgmt asserted labor Union was "legally" formed and recognized as it could provide copy of list of labor union committee members, certified by local municipality's labor union committee. Mgmt states that selection of chairman done so after a written circular was issued to all workers as consultation process. No workers raised any objection. Mgmt therefore believes that chairman should serve through end of his term until mid-2006. Nordstrom continues to work with NGOs and civil society to fully understand and address complexities of worker participation and representation without direct management interference. As chairman's term has expired, Nordstrom to follow up and obtain updated information regarding current factory representation.		
<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.											
Legal Benefits	Article 72, PRC Labor Code, the sources of social insurance funds shall be determined according to the branches of insurance, and an overall raising of social insurance funds shall be practiced step by step. The employing unit and laborers 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.	The factory only buys social insurance for 500 employees.	record review, workers interview, management interview	Factory advised that employers should provide all legally mandated benefits to all eligible workers. Factory to provide a copy of local labor bureau waiver along with creating a detailed plan on how to reach 100% coverage.	11/1/2005	Agent Reaudit 11/23/05	Complete	Agent verified that the social insurance permit had been provided.		
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.											
Miscellaneous											