

FLA Audit Profile	
Country	China
Factory Name	05021539D
IEM	Global Standards
Date(s) in Facility	October 12 -13, 2005
PC(s)	Liz Claiborne, Inc. & Nordstrom, Inc.
Number of Workers	800
Product(s)	Sweaters
Production Processes	Knitting, Washing, Finishing, Ironing, Linking

FLA Code/Compliance Issue		Country/Law/Legal Reference	FLA Benchmark	NonCompliance	Risk of Noncompliance	Evidence of Noncompliance (un corroborated)	If not corroborated, explain why	Source/ Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up	Documentation	Completed; Pending; Ongoing	Company Follow Up
1. Code Awareness																
Workers/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.	Workers have no awareness of CoC.				worker interview		The factory should clearly post Liz Claiborne and Nordstrom Code of Conduct (CoC) at the prominent areas of production floor and undertake efforts to educate employees about the Code on a regular basis.		The factory agreed to post the Code of Conduct in the facility, and announce and elaborate the contents of the Code to all employees at least twice a year.	03/29/06: The factory confirmed that the corrective actions had been taken on 3/10/2006 and the PC planned to visit the factory in March 2006 to ensure Code of Conduct be posted and communicated to all employees. March 2006: Lead PC advised no longer using this factory.		Completed	Second PC follow up: 11/03/2005 PC agent reaudit verified that workers have been trained on the Code of Conduct.
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.																
Parent Consent Documentation			If the law requires government permits or permission from parents, as a condition of employment, the employers will keep documentation on-site for inspection at all times	No government permit for hiring juvenile workers available for review.				management interview, record review		The factory should register the juvenile workers at local labor bureau and obtain the official permit for the employment of juvenile workers.		The factory agreed to register the juvenile workers at local labor bureau, and obtain the official permit for the employment of juvenile workers.	03/29/06: The factory confirmed that the corrective actions had been taken on 3/10/2006 and the PC planned to visit the factory in March 2006 to ensure that the juvenile workers be under registration. March 2006: Lead PC advised no longer using this factory.		Complete	11/09/2006: PC's Agent audit confirmed that a policy is in place when hiring juvenile workers all legal permits will be available for inspection. The policy of hiring the juvenile workers includes the requirement to register all of them upon employment. Agent noted factory does not currently have juvenile workers employed at the factory.
Legal Compliance for Juvenile Workers	Circular of Ministry of Labor on Issuing Provisions on Special Protection for Juvenile Workers (LM No. 498 of 1994), 17 Regulations Pertaining to Labor Law, Ministry of Labor, China Labor Press; Govern's employment of workers between 16 - 17 years of age. Specialized types of labor which shall not be performed by juvenile workers and tests 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 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	There are two juvenile workers in the factory as temporary workers. One of them had physical examination when entering the factory, but another one did not.					worker interview, management interview		The factory should arrange regular physical examination to juvenile workers and such examination fee should be paid by the factory. Physical examination should be conducted: (1) Before they take up their job posts; (2) When they have worked for a full year; (3) When they are 18 years old and more than half a year has passed since the last health examination.		The factory agreed to provide the juvenile workers to the physical examination and pay the examination fee.	03/29/06: The factory confirmed that the corrective actions had been taken on 3/10/2006 and the PC planned to visit the factory in March 2006 to ensure that the juvenile workers be provided regular physical examination in accordance with the related legal requirements. March 2006: Lead PC advised no longer using this factory.		Complete	11/09/2006: PC's Agent audit confirmed that a policy is in place when hiring juvenile workers all legal permits will be available for inspection. The policy of hiring the juvenile workers includes the requirement to register all of them upon employment. Agent noted factory does not currently have juvenile workers or temporary workers employed at the factory.
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																
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																
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 some workers don't use mask and goggles during working time.					Visual inspection		The factory should provide appropriate PPE (Personal Protective Equipment) such as face mask and goggles to workers, and supervise and train them to ensure that workers wear PPE in proper manner during working time.	The factory confirmed that the corrective actions had been taken on 10/14/2005 and the PC planned to visit the factory in March 2006 to ensure that appropriate PPE be provided to the workers and they use PPE in proper manner.	The factory agreed to provide face mask and goggles to washing workers, and educate and supervise them to properly wear when using and handling chemicals.	11/03/2005 PC agent follow up confirmed workers are using PPE.	Visual Inspection		
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		The factory should ensure that the hazardous chemical substances used in the factory be labeled properly in local language.	The factory confirmed that the corrective actions had been taken on 10/31/2005 and the PC planned to visit the factory in March 2006 to ensure that all chemical substances used in the factory be properly labeled in local language.	The factory agreed to label all chemical tanks with Chinese label.	11/03/2005 PC agent follow up confirmed all chemical tanks are labeled in Chinese.	Visual Inspection		
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner	Some of the sewing machines don't have needle guard.					Visual inspection		The factory should install needle guard for the sewing machines, and ensure that all sewing machines be installed with needle guard.	The factory confirmed that the corrective actions had been taken on 10/31/2005 and the PC planned to visit the factory in March 2006 to ensure that all sewing machines have installed with needle guard.	The factory agreed to install needle guard for all sewing machines.	11/03/2005 PC agent follow up confirmed machines are installed with needle guards.	Visual Inspection		
7. Freedom of Association and Collective Bargaining																
Employers will recognize and respect the right of employees to freedom of association and collective bargaining																

FLA Code/Compliance Issue	Country Law/Legal Reference	FLA Benchmark	IEM Findings					Remediation					Status		Updates
			NonCompliance	Risk of Noncompliance	Evidence of Noncompliance (uncorroborated)	If not corroborated, explain why	Sources/ Documentation used for corroborating	Notable Features implemented by Factory Management or Company	PC Remediation Plan	Target Completion Date	Factory Response (Optional)	Company Follow Up	Documentation	Completed; Pending; Ongoing	Company Follow Up
<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 (AFTU). 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 strikes. 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>															
<p>8. Wages and Benefits</p> <p>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</p>															
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 practised 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 buys social insurance for 205 workers and occupational insurance for 410 workers. No insurance for temporary workers.				worker interview, management interview, record review	Both the employer and all employees including temporary workers should participate in the social insurance scheme, and pay social insurance premium in accordance with the legal regulations.	The factory confirmed that the corrective actions had been taken on 10/14/2005 and the PC planned to visit the factory in March 2006 to ensure that the factory purchased social insurance as per legal requirements.	The factory agreed to purchase the social insurance according to a waiver issued by local social insurance department. And the factory also purchase a commercial life accident injury insurance to cover the rest of workers including temporary workers.	11/03/2005 Agent result verified factory has policy in place to ensure temporary workers are covered by social insurance. During the audit, no temporary workers were working at the factory. Regarding permanent workers, sufficient amount of insurance has been purchased and complies with the local law.	Visual inspection	Complete		
<p>9. Hours of Work</p> <p>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</p>															
<p>10. Overtime Compensation</p> <p>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.</p>															
<p>Miscellaneous</p>															
Other	China Labor Law, Article 16: Sign contracts as soon as establishing labor relations.		The factory signs contracts with workers - 2 weeks after workers enter the factory. No contract for temporary workers.				management interview, record review, worker interview	Factory should sign employment contract with each individual employee including temporary workers and provide a copy for them.	The factory confirmed that the corrective actions had been taken on 10/14/2005. The PC planned to visit the factory in March 2006 to ensure that the factory signed employment contract with each individual employee, and provided a copy to the employees.	The factory agreed to sign employment contract with each individual workers within 30 days after employment.	11/03/2005 Agent result verified that workers are signing contracts with the factory within 7 days of joining the factory.	Visual inspection	Complete		