

The factual information set forth on the Tracking Charts was submitted to the FLA by each Independent External Monitor and Participating Company and reviewed by FLA staff. It is being made available to the public pursuant to the FLA Charter in order to strengthen the monitoring process. The FLA Charter provides for regular public disclosure of the factual results of independent monitoring and the resulting specific actions taken by Participating Companies.

What is a Tracking Chart?

Compliance is a process, not an event. A Tracking Chart outlines the process involved in FLA independent external monitoring and remediation. It is used by the accredited independent external monitor, the participating company and the FLA staff to do the following:

- **Record Findings:** The independent external monitor uses the Tracking Chart to report noncompliance with FLA Code standards. The monitor should also cite the specific Code benchmark or national/local law that was used to measure compliance.
- **Report on Remediation:** The FLA participating company uses the Tracking Chart to report on the remediation program that was implemented in order to resolve the noncompliance and prevent any future violations.
- **Evaluate Progress:** The FLA uses the Tracking Chart for purposes of collecting and analyzing information on the compliance situation of a particular factory and for publication on our website. This information is updated on an ongoing basis.

What a Tracking Chart is NOT -

- An exhaustive assessment of factory conditions

Working conditions - in any type of workplace - are dynamic. Each Tracking Chart represents a survey of the factory's conditions on a specific day. Over time, a fuller picture emerges as we compile information from various sources to track the compliance progress of a factory.

- A pass or fail evaluation

The Tracking Charts do not certify whether or not factories are in compliance with the FLA Code. Monitoring is a measurement tool. The discovery of noncompliance issues is therefore not an indication that the participating company should withdraw from a factory. Instead, the results of monitoring visits are used to prioritize capacity building activities that will lead to sustainable improvements in the factory's working conditions.

- A one-time event

Each monitoring visit is followed by a remediation program, further monitoring and remediation in an ongoing process. The Tracking Charts are updated accordingly.

Note on Language

Please be advised that because FLA independent external monitors are locally-based and English is generally not their native language, the language presented may at times appear unclear to a reader who is a native English speaker. In order to preserve the integrity of the transparency process and the information we receive, our policy is to publish the original text from the monitor and participating company. However, the reader will note that we have taken the precaution to remove any identifying information about the factory that was monitored or the workers interviewed.

For example, in cases where monitors and/or participating companies have cited the actual number of workers in reference to a noncompliance issue, in order to protect the workers' identities, we have replaced the numbers with generic wording in brackets (i.e. "[some]", "[worker interviews revealed that]", etc.).

We do not disclose the name of the factory that was monitored in order to ensure that the FLA's efforts to encourage and reward transparency do not have detrimental consequences for the factory and the workers.

Instructions for Printing

The information contained in the Tracking Charts is organized by columns and rows in a table format. Due to the number and width of the columns, the charts have been formatted for legal size (8.5 x 14in.) paper. To print the charts, please make sure to select "legal" size paper from Print properties.

FLA Audit Profile	
Country	China
Factory name	08001552B
IEM	BV-CPS (SH)
Date of audit	6-7 August, 2003
Days in the facility	4.5 auditor days
PC(s)	Nordstrom Inc.
Number of workers	2448
Product(s)	Shirt
Production processes	Cutting, sewing, ironing, inspection, packing, embroidery
Other brands in factory	

		Findings				Remediation			Status	Updates		
FLA Code/ Compliance issue	Legal Reference / Country Law	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	Completed; Pending; On-going	Factory Response	PC follow up	Documentation
1. Code Awareness												
			No non-compliance issues found.		Nil							
2. Forced Labor												
There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or												
			No non-compliance issues found.		Nil							
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												
			No non-compliance issues found.		Nil							
4. Harassment or Abuse												
Every employee will be treated with respect and dignity. No employee will be subject to any physical, sexual,												
			No non-compliance issues found.		Nil							
5. Nondiscrimination												
No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement,												
			No non-compliance issues found.		Nil							
6. Health and Safety												
Employers will provide a safe and healthy working environment to prevent accidents and injury to health arising out of,												
Safety Equipment	Article 6.5 of General Rules for Storage of Common Dangerous Chemical Goods (GBJ5603-1995): Explosives shall not be stored together with other goods. They must be separately stored in limited quantity. The warehouse shall not be located in cities and towns and shall be kept at a safe distance away from neighboring buildings, traffic arteries and power transmission lines.	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.	several fuel oil cans stored at the stairwell of 7/F of dormitory .	Visual Observation	Nil	Chemicals and hazardous materials must be stored in a suitable area dedicated to the storage of such materials. Storage facilities must not have drains where chemicals could go into sewer system and chemicals should be stored on pallets.	10/30/2003	Factory moved chemicals to separate room for storage on pallets.	Complete 11/9/2003		photos provided for verification	photos
Safety Equipment	According to Article 14.5 of Fire Prevention Law of the People's Republic of China: In accordance with relevant state regulations, governmental departments, social organizations, enterprises and institutions shall have fire control facilities and equipment, set up fire control and safety signs and organize regular inspections and repair to ensure that these facilities and equipment are kept in good and effective conditions.	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	There was only one fire alarm in security guard office which not fully accessible to all workers.	Visual Observation	Nil	Factory to install additional alarm switches; at least 2 per floor at both ends of production floor.	11/3/2003	Factory installed 2 additional alarm switches to fulfill request	Complete		photos provided for verification	photos

FLA Code/ Compliance issue	Findings					Remediation			Status	Updates		
	Legal Reference / Country Law	FLA Benchmark	Monitor's Findings	Documentation	Best Practice	PC remediation plan	Target Completion Date	Factory Response	Completed: Pending: On-going	Factory Response	PC follow up	Documentation
Health & Safety training	Article 52 of the Labor Law of the People's Republic of China, factory shall carry out education among employees in occupational safety and health so as to prevent the occurrence of accidents during operation and to reduce the occupational hazards.	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.	From 14 out of 25 interviewed worker samples, they did not know how to operate the fire extinguishers. Also, no clear training record was maintained to show the attendees of the training on usage of fire extinguishers.	Nil	Nil	Factory to ensure that at least 2 supervisors and 2 employees per production area are trained on how to use the fire extinguisher in the factory. Women and night shift workers, if applicable, should be included in the training. Training should include actual use of equipment.	10/30/2003	Factory conducted fire safety course for all workers. Course included training on how to use fire extinguishers.	Complete		photos provided for verification	photos
Sanitation in Dining Area		All food preparation shall be prepared, stored, and served in a sanitary manner in accordance with applicable laws. Safe drinking water should be available in each building.	Food in canteen was not covered.	Visual Observation	Nil	Factory to ensure that all food is prepared, stored and served in a sanitary manner. Provide necessary coverings for food during preparation, storage and service as necessary to keep protected from elements, etc.	10/30/2003	Factory conducted training for canteen workers to explain the necessity and importance of sanitary food preparation and storage.	Complete		verified through photos and documentation of policy for hygiene	Agent verified through photos and documentation of policy for hygiene
7. Freedom of Association and Collective Bargaining												
Employers will recognize and respect the right of employees to freedom of association and collective bargaining												
No training on Freedom of Association	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.		(X) workers did not know about Union in the factory and most of them did not know what worker union is and how the representative was elected. Workers and managers were not given any training on Freedom of Association.	Worker interviews	Nil	Factory to ensure that workers have a private communication channel and/or worker committees available to them to discuss complaints and/or comments on factory policy or issues. *Please note: While it is Nordstrom's position to neither promote nor deny the existence of a trade union in a factory, we also expect factories to ensure that all workers have the right to join an organized union if they choose.	10/30/2003		Pending		Have asked agent to follow-up with factory as to status of creating a communication channel	
8. Wages and Benefits												
Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a												
Wage and Benefits Information	Nil	In general, workers will have access to understandable information about their wages and benefits, and will not express dissatisfaction with their ability to get information.	(X) workers reported that they did not know how the OT compensation was calculated.	Visual Observation, workers interview	Nil	Factory to ensure that policies and procedures regarding wages and benefits are communicated to every employee in simple terms in the employee's native language. All conditions, wages and deductions must be discussed prior to hiring. Factory to conduct training for OT compensation calculation for all employees.	10/30/2003		Pending		Have asked agent to follow-up with factory as to conducting a training course to inform the workers on wage and benefit information.	

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Social Benefits	According to Article 73 of the Labor Law of the People's Republic of China: Laborers shall, in accordance with the law, enjoy social insurance benefits under the following circumstances: (1) retirements; (2) illness or injury; (3) disability caused by work-related injury or occupational disease; (4) unemployment; and (5) child-bearing. The survivors of the insured laborers shall be entitled to subsidies for survivors in accordance with the law. The conditions and standards for laborers to enjoy social insurance benefits shall be stipulated by laws, rules and regulations. The social insurance amount that laborers and entitled to, must be timely paid in full.	All the workers working in the factory shall be covered by the five types of insurance as appropriately.	There are 223 out of 2448 employees in the factory who participated in pension insurance, 67 out of 2448 employees participated in medical insurance, 20 out of 2448 employees participated in unemployment insurance and 2404 employees participated in industrial injury insurance in July 2003. Since China 's social insurance security is not fully developed at this stage, the local insurance authority allowed the factory not to participate in all 5 types of social insurance by law. However, FLA does not accept local waivers and the factory acquired these waivers from local.			Factory must develop action plan for inclusion of all employees in the National Social Security program. Plan to be reviewed by Nordstrom agent during next audit. In the interim, factory must apply for and receive a waiver from the labor bureau detailing the percentage of workers they require coverage for at this time. *Please note: While the goal of Nordstrom's Social Compliance program is for factories to abide by local law and include 100% of employees in the entire Social Insurance program, at this time it is acceptable to Nordstrom to include only a portion. However we require the factory to apply for and receive the waiver issued by the local government office as this Social Insurance program is relatively new to China.	Factory: Please advise a plan and timeframe for implementing 100% participation of workers in Social Insurance programs as detailed in Article 73 of Labor Law.		Pending		Have asked agent to follow-up with factory as to applying for and receiving Social Insurance waiver and implementing a plan for 100% coverage.	
False Payroll Records	Nil	Employers will not use hidden or multiple payroll records in order to hide overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.	From workers' interview, (X) workers said that they didn't punch their time cards for overtime on Saturday or Sunday. And their supervisor would record overtime hours in other records. However, records did not reveal this.	Worker interviews	Nil	Ensure that all workers are punching in and out for all hours worked. Factory must keep only one set of uniform books for payroll and record keeping. Timecards must be maintained for all employees for all hours worked. *Please note: This finding does not have secondary form of verification. Since this finding is only noted through interviews with 2 workers and not able to be verified through the record review, we will take note of this finding and ask our agent to conduct a follow-up during the next internal audit	10/15/2003		Pending		will verify information during next internal audit to be conducted Aug-Oct 2004.	
9. Hours of Work												
Except in extraordinary business circumstances, employees will (i) not be required to work more than the lesser of (a) 48												

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Overtime Limitations	According to Article 41 of the Labor Law of the People's Republic of China: Under the precondition that the physical health of laborers is ensured, overtime shall not exceed 3 hours in a day and 36 hours in a month.	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. An extraordinary business circumstance is a temporary period of extra work that could not have been anticipated or alleviated by other reasonable efforts	The overtime hour exceeded legal limit of 36 hours a month. The overtime hours from January 2003 to June 2003 exceeded 36 hours and up to max. 52 hours per month in June 2003. Factory got an overtime waiver from local labor authority for not exceeding 60 OT hours a month from July 02 to Dec 02. And the overtime hours from July 2002 to December 2002 were up to max. 60 OT hours in a month.	time records	Nil	Nordstrom's OT policy is that factories should always work to meet the legal limits of their country. In the event that that is not possible, we ask that factories utilize less than 12 hours of OT/week which is in line with the FLA's standard. At this time, we understand that during peak production periods factories may require more OT hours than this and ask that they apply for and are granted a waiver from the local labor office for the 3-6 month time period that they may require additional OT hours. This waiver is currently acceptable by Nordstrom for factories in China.	10/30/2003		Pending		Have requested copy of OT waiver	
10. Overtime Compensation												
In addition to their compensation for regular hours of work, employees will be compensated for overtime hours at such												
OT Compensation	According to Article 44 of the Labor Law of the People's Republic of China, factory shall pay all employees' overtime wages not less than 150%, 200% and 300% of "normal" wage for overtime on regular day, rest day and statutory holiday respectively. According to Article 48 of the Labor Law of the People's Republic of China, the normal wage paid by the factory shall not be less than the local minimum wage standard. Consequently, the normal wage as the base for overtime calculation shall be at least the local minimum wage standard	The factory shall comply with applicable law for premium rates for overtime compensation	(X) workers reported that overtime work was compensated at piece wage without extra compensation.	Interview with employees	Nil	Piece rate wage calculation must be equal to or exceed the wage rate that would otherwise be paid for regular hours plus overtime. Please ensure that all piece rate workers are receiving OT compensation. *Please note: this violation does not have secondary form of verification. We will take note of this finding and ask our agent to conduct a follow - up during the next internal audit.	10/30/2003		Pending		will verify information during next internal audit to be conducted Aug-Oct 2004.	
Miscellaneous												
No non-compliance issues found.	According to Article 3 of Circular on Matters of Implementing Labour Contract Systems of LMI [1996] No.354: In accordance with the Labor Law, the labor contract may specify a probation period that shall not exceed six months at the maximum. For a labor contract with a term of less than 6 months, the probation period shall not exceed 15 days; for a labor contract with a term of more than 6 months, but less than 1 year, the probation period shall not exceed 30 days; for a labor contract with a term of more than 1 year, but less than 2 years, the probation period shall not exceed 60 days. The probation period shall be included within the term of the labor contract. After reviewed the labor contract between factory and employees, the duration probation period for one year and two years labor contract was three months for 7 out of 25 sample employees, which same with 18 of employees whose duration of labor contract was over two years.		After reviewed the labor contract between factory and employees, the duration probation period for one year and two years labor contract was three months for (X) out of (X) sample employees, which same with 18 of employees whose duration of labor contract was over two years.		Nil	Ensure that all workers' labor contracts follow guidelines as outlined in Article 3 of Circular on Matters of Implementing Labor Contract Systems of LMI (1996) No. 354.	11/3/2003	Factory has revised policy to state that workers with contract for less than one year will have no probationary period. Those workers with contract for over one year, will have a 3 month probationary period. This is in line with Article 3, No. 354.	Complete		verified new policy and will re-verify through next internal audit in 2004.	