NORDSTROM SOCIAL RESPONSIBILITY

Factory Guide to Implementing the Nordstrom Partnership Guidelines

2011
FOREWORD

This document offers factory guidance on effectively implementing the Nordstrom Partnership Guidelines (PG). All factories contracted for Nordstrom production are audited for compliance with PG requirements. This guide will enable factory management to understand and incorporate PG principles into daily operations.

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INTRODUCTION

The concept of Corporate Social Responsibility has always been a part of Nordstrom culture. We value strong manufacturer relationships that emphasize the shared priorities of quality and ethical production. The Nordstrom Partnership Guidelines establish the foundation for these relationships and ensure our manufacturers embrace the goals of compliance and improved working conditions. The PG elements are based on International Labor Organization (ILO), governmental, and policy group recommendations. To establish compliance standards, Nordstrom often references the local law of the country of manufacture for guidance; all factory managers must be aware of these laws, and adhere to local law or Nordstrom PG requirements, whichever offer a greater level of protection for employees. While we acknowledge the cultural differences that exist among manufacturers, this guidance is designed to standardize global expectations in a clear and straightforward way.

Compliance with the Partnership Guidelines is the basis for measuring manufacturer Social Responsibility (SR) performance. By ensuring fair, safe, and healthy working conditions, factories will enjoy valuable operational benefits, such as improved employee morale and productivity. The compliance process should not be viewed as a mere requirement of doing business with Nordstrom; instead, we hope factories will utilize this information to implement sustainable improvements that extend beyond our working relationship. Furthermore, Nordstrom believes open communication is the key to successful relationships. For this reason, we operate under the model of continuous improvement, which encourages candid, ongoing discussion of compliance challenges and allows sustainable progress to be made.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>NORDSTROM PARTNERSHIP GUIDELINES</td>
<td>1</td>
</tr>
<tr>
<td>ESSENTIAL ELEMENTS OF ACHIEVING FACTORY COMPLIANCE</td>
<td>4</td>
</tr>
<tr>
<td>LEGAL REQUIREMENTS</td>
<td>5</td>
</tr>
<tr>
<td>Documentation</td>
<td>5</td>
</tr>
<tr>
<td>FORCED LABOR</td>
<td>5</td>
</tr>
<tr>
<td>Freedom of Movement</td>
<td>5</td>
</tr>
<tr>
<td>Voluntary Employment</td>
<td>5</td>
</tr>
<tr>
<td>Wages and Benefits</td>
<td>6</td>
</tr>
<tr>
<td>CHILD LABOR</td>
<td>6</td>
</tr>
<tr>
<td>Admittance</td>
<td>6</td>
</tr>
<tr>
<td>Documentation</td>
<td>6</td>
</tr>
<tr>
<td>Minimum Age</td>
<td>6</td>
</tr>
<tr>
<td>Young Workers</td>
<td>6</td>
</tr>
<tr>
<td>HARASSMENT AND ABUSE</td>
<td>6</td>
</tr>
<tr>
<td>Prohibited Behavior</td>
<td>6</td>
</tr>
<tr>
<td>Training</td>
<td>7</td>
</tr>
<tr>
<td>WAGES AND BENEFITS</td>
<td>7</td>
</tr>
<tr>
<td>Benefits</td>
<td>7</td>
</tr>
<tr>
<td>Documentation</td>
<td>7</td>
</tr>
<tr>
<td>Wage Payment</td>
<td>8</td>
</tr>
<tr>
<td>NONDISCRIMINATION</td>
<td>9</td>
</tr>
<tr>
<td>Hiring and Termination Practices</td>
<td>9</td>
</tr>
<tr>
<td>Wages and Benefits</td>
<td>9</td>
</tr>
<tr>
<td>Women in the Workplace</td>
<td>9</td>
</tr>
</tbody>
</table>
HEALTH AND SAFETY 9
- Documentation 9
- Dormitories 10
- Electrical 11
- Elevators 11
- Emergency Exits 11
- Fire and Safety Equipment 12
- First Aid and Medical Services 12
- Food Preparation 13
- Machine Safety 13
- Personal Protective Equipment (PPE) 14
- Production Floor Safety 14
- Sanitation / Toilets 15
- Ventilation 15

HOURS OF WORK AND OVERTIME 16
- Documentation 16
- Hours of Work 16

U.S. CUSTOMS 16
- Customs-Trade Partnership Against Terrorism (C-TPAT) 16
- Restricted Access 16

ENVIRONMENT 17
- Documentation 17
- Energy 17
- Restricted Substances / Chemicals 17
- Waste / Recycling 18
- Water 18
NORDSTROM PARTNERSHIP GUIDELINES

At Nordstrom, we recognize that our success is based on the quality of our relationships with customers, employees, agents, suppliers, and communities. To maintain the high caliber of these relationships and to achieve our goal of always providing the best value product in the most equitable manner, we have established standards for our business Suppliers. In communicating these guidelines, we hope to identify potential Suppliers who share our commitment to quality products, quality business principles and quality community relationships.

We will only engage business Suppliers who demonstrate a commitment to contribute to the improvement of working conditions and strive to meet our requirements stated in the Nordstrom Partnership Guidelines.

LEGAL REQUIREMENTS

Nordstrom expects all of its business Suppliers (“Suppliers” as used in these Partnership Guidelines shall include all agents, vendors, manufacturers, factories and subcontractors) to comply with the applicable laws and regulations of the United States and those of the respective country of manufacture or exportation, including, but not limited to, the Fair Labor Standards Act (http://www.dol.gov/whd/garment/contractorGuide.pdf).

All products must be accurately labeled and clearly identified as to their country of origin and content. The language to be used for purposes of notice and interpreting the meaning of these guidelines shall be English. For more information on these and other requirements, please visit www.nordstromsupplier.com.

FORCED LABOR

Nordstrom will not conduct business with any Supplier that uses involuntary labor of any kind; including prison labor, indentured labor, bonded labor, or labor obtained through human trafficking or slavery. Employees shall not be required to lodge “deposits” or identity papers upon commencing employment with the company.

CHILD LABOR

Suppliers will not employ anyone under the age of 15, and / or younger than the age of completing compulsory education, or under the minimum ages established by applicable law in the country of manufacture, if higher than the age of 15. Furthermore, Suppliers of any kind will not expose anyone under the age of 18 to situations in or outside of the workplace that are hazardous, unsafe or unhealthy, and will provide adequate protection from exposure to hazardous conditions or materials.

HARASSMENT AND ABUSE

Nordstrom expects our Suppliers to treat every employee with respect and dignity. No employee will be subject to any physical, sexual, psychological or verbal harassment or abuse. Suppliers will not use monetary fines as a disciplinary practice. Furthermore, workers must be free to voice their concerns to Nordstrom or Nordstrom-appointed staff without fear of retaliation by factory management.
WAGES AND BENEFITS

Suppliers shall set wages, overtime pay and legally mandated benefits and allowances in compliance with all applicable laws. Workers shall be paid at least the minimum legal wage or a wage that meets local industry standards, whichever is greater.

NONDISCRIMINATION

Nordstrom firmly believes people are entitled to equal opportunity in employment. Although the company recognizes cultural differences exist, Nordstrom will not pursue business relationships with Suppliers who discriminate in employment, including hiring, salary, benefits, advancement, discipline, termination or retirement on the basis of gender, race, religion, age, disability, sexual orientation, nationality, marital or maternity status, work or personal affiliations, political opinion, or social or ethnic origin.

HEALTH AND SAFETY

Nordstrom seeks Suppliers who provide written standards for safe and healthy work environment for their workers, including adequate facilities and protections from exposure to hazardous conditions or materials. These provisions must include safe and healthy conditions for dormitories and residential facilities, and they must comply with local health and safety laws and standards.

HOURS OF WORK / OVERTIME

While permitting flexibility in scheduling, we will identify local legal limits on work hours and seek Suppliers who do not exceed them except for appropriately compensated overtime. While we favor Suppliers who utilize less than 60 hours per week, we will not, on a regular basis, require in excess of 48 hours per week and 12 hours overtime per week, or as permitted by applicable law, whichever is lower.

Employees should be allowed one day off in seven.

US CUSTOMS

Suppliers will comply with applicable U.S. Customs importing laws and, in particular, will establish and maintain programs and documentation to support country of origin production verification, to avoid illegal transshipping.

Suppliers shall seek ongoing education regarding Customs-Trade Partnership Against Terrorism (C-TPAT) supply chain security requirements, establish an action plan for compliance, be prepared for supply chain security audits by Nordstrom and / or third party auditor, and maintain standards set therein.

ENVIRONMENT

Suppliers must demonstrate a regard for the environment, as well as compliance with applicable environmental laws. Further, Nordstrom actively seeks Suppliers who demonstrate a commitment to progressive environmental practices and to preserving the earth’s resources.
DOCUMENTATION AND INSPECTION

Nordstrom intends to monitor compliance with our Partnership Guidelines and to undertake on-site inspections of Suppliers' facilities. Suppliers will maintain on file all accurate documentation necessary to demonstrate compliance and will authorize Nordstrom and its designated agents (including third parties) to engage in announced and unannounced monitoring activities to ensure compliance, including confidential employee interviews. Nordstrom will review and may terminate its relationship with any Supplier found to be in violation of the Partnership Guidelines.

FREEDOM OF ASSOCIATION

Suppliers will respect workers rights to freedom of association and collective bargaining.

SUBCONTRACTING AND CHANGES IN MANUFACTURERS, FACTORIES, OR VENDORS

Suppliers will not utilize subcontractors for the production of Nordstrom products or components without written approval and authorization from Nordstrom, and only after the subcontractor has agreed to comply with the Partnership Guidelines. Suppliers will not change manufacturers, factories, subcontractors or vendors for the production of Nordstrom products without written approval and authorization from Nordstrom, and only after the new factory, subcontractor, or vendor has agreed in writing to comply with the Partnership Guidelines.

CHANGE OF CONTROL

Suppliers shall promptly notify Nordstrom in writing if the ownership of the Supplier changes. The new owners of Supplier shall agree to comply with the Partnership Guidelines. Likewise, Suppliers shall promptly notify Nordstrom in writing if the location of the Supplier changes, including the sale or purchase of any facility which may house Nordstrom production.

ANIMAL WELFARE

Nordstrom promotes strict adherence to codes of practice that meet or exceed International, National and State Government standards for animal welfare. We strive to do business with Suppliers who source leathers, furs and any other animal by-product from entities who use fair and humane animal welfare practices.

THE KIMBERLY PROCESS AND CONFLICT MINERALS

Nordstrom expects all of its Suppliers to purchase all diamonds from legitimate sources not involved in funding conflict, and in compliance with United Nations Kimberly Process resolutions. This shall also be stated as such on all invoices, wherein the seller guarantees that all diamonds are conflict-free, based on personal knowledge and / or written guarantees provided by the supplier of the diamonds. Nordstrom expects all of its Suppliers to avoid use of “conflict minerals” which may directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo or adjoining countries, in full compliance with Dodd-Frank Conflict Minerals Provisions.

ANTI-BRIBERY

Nordstrom expects all its business suppliers to have programs, policies and training in place to comply with its local and/or applicable anti-bribery regulations, including without limitation the Foreign Corruption Practices Act (FCPA) and the U.K. Bribery Act, and to prevent payments made for the purpose of obtaining or retaining business.

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ESSENTIAL ELEMENTS OF ACHIEVING FACTORY COMPLIANCE

Factories have a responsibility to implement the Partnership Guidelines effectively, which requires the development of robust management systems. A management system is a collection of processes and procedures that ensures a factory meets requirements. Listed below are components of strong factory management systems that position factories for success with each element of the Partnership Guidelines. They include:

Administration

- Comprehensive recruiting and termination procedures to ensure compliance with local law
- Qualified personnel to manage and implement each PG element
- Effective management of production capacity and efficiency
- Open and ongoing discussion of compliance challenges between factory management and Nordstrom

Documentation

- Communication and posting of PG elements, factory policies, and local laws for employees in simple terms, in the local language, as part of new-hire orientation and periodic training
  
  *Best Practice: Employee manual*
  
  *Best Practice: Employee and management education plan*
  
  *Best Practice: Videos, announcements, posters, and other graphic aids*

- Complete and accessible employee files, including valid photo identification and age documentation

- All documentation and licenses necessary to demonstrate compliance, maintained in proper format, on factory premises

Engagement

- Implementation of effective communication channels and grievance procedures, including worker committees
  
  *Best Practice: See Appendix (Grievance Procedure)*

- Active employee engagement in implementation of all PG elements, as appropriate
  
  *Best Practice: Employee health and safety committee*
LEGAL REQUIREMENTS

Documentation

- Factories must have a valid business license
- Wage, work shift, legal, and policy documentation must be posted in a prominent location in the employees’ language
- The factory must have appropriate documentation associated with country of origin, the movement of product from one facility to another (OPA), and production records of merchandise available upon request
- Factories must maintain employee records and signed labor contracts to demonstrate compliance
- All labor laws must be followed if foreign contract workers are employed

FORCED LABOR

Freedom of Movement

- Employees must have the right to leave their workstations at any time for any reasonable purpose during their work shift, including to use toilet facilities or access drinking water, and at end of the work shift, regardless of production status
- If factory exits are locked or guarded for security reasons, employees must be able to exit at any time

  Best Practice: Push bar doors

- Employers must provide secure and freely-accessible storage for employee documents
- Employees must have the option of living in non-employer-owned residences

Voluntary Employment

- Employees must have the right to terminate employment at any time, regardless of contract terms
- Overtime work must be strictly voluntary, and must never deprive workers of adequate sleep, freedom, or relaxation

  Best Practice: Sign-up sheet for overtime

- Factories must set uniform work shifts, and must not use production quotas as a means to determine work periods

  Best Practice: Positive incentives to encourage overtime work

- Factory must not use prison labor, indentured labor, bonded labor, or labor obtained through human trafficking or slavery in the production of Nordstrom goods
Wages and Benefits

- All employees, including contract workers, must be paid directly via cash or bank transfer
- Pay advances must not exceed 3 months’ pay or the legal limit, whichever is lower, and must not contain interest
- Factories must not deduct recruitment fees from employees

CHILD LABOR

Admittance

- Underage visitors to the factory must not enter the production floor for any reason
  
  *Best Practice: Guest / visitor policies and log*

- Children must not assist in any part of the production process in cottage / home work arrangements

- Child care facilities must not physically overlap with work areas

Documentation

- The factory must keep and provide access to all employee files and age documentation
- The factory must have a procedure in place to validate age documentation
  
  *Best Practice: Age verification equipment*

  *Best Practice: Secondary means of age verification*

Minimum Age

- Employees must not be younger than the legal working age or 15, whichever is greater
  
  *Best Practice: Strong recruitment policies*

  *Best Practice: Secondary means of age verification*

Young Workers

- All requirements regarding young workers (as defined by local law) must be followed, which may restrict night work, heavy lifting, exposure to chemicals, etc.

- Parental and educational releases, if applicable, must be kept in the employee file
HARASSMENT AND ABUSE

Prohibited Behavior

- No screaming, threatening, demeaning, or abusive language
- No physical forms of discipline or harassment (or threats of physical discipline or harassment) including slaps, pushes, and other forms of contact
- Security pat-downs must be performed by guards of the same sex as the employee
- No unwelcome physical, verbal, or nonverbal sexual advances or exploitation

Training

- Supervisor training on disciplinary policies

  *Best Practice: Clear disciplinary process: verbal and written warning, counseling, demotion, termination*

  *Best Practice: Record of disciplinary actions and witnesses*

WAGES AND BENEFITS

Benefits

- Legally-mandated benefits must be provided to employees
- Annual, holiday, and maternity leave must be paid as required by law
- Employees must receive required meal breaks during the workday
- Factories must have a designated break area for employees
- Employees must have the option to use non-employer provided services, including meals, housing, or transportation
- Pay advances, if permitted by law, must be documented and signed, with copies maintained by employees and management
- Free meals, if required by law, must be provided to workers when extended overtime is necessary
- Free transportation, if required by law, must be provided to workers if no public transportation exists
- Subsidized transportation fees, if applicable, must be affordable

Documentation

- Factories must maintain one complete and accurate set of payroll and attendance records

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• All piece rate records must be maintained and match actual earnings

• A standardized "pay day" must be established in accordance with local law, and payments must be made on that day

• All conditions of employment, wages, and deductions must be discussed and documented prior to hiring

• Payroll records must indicate regular hours, overtime hours, gross pay, net pay, and proper deductions, with copy of pay slip provided to employees

• Timecards must be maintained for all employees, and reflect accurate information, such as employee name, start time / end time, pay period end date, and lunch breaks

• Employees must record and maintain their own daily working hours using a punch card system, swipe card system, or manually-recorded start time with employee initials; any corrections must be made in ink with manager and employee initials

Wage Payment

• Minimum and overtime wages must be equal to or greater than the standard established by local law

• Employees must be paid for all work without delay, including repairs / rework, probation, and test period hours at a rate equal to or greater than the established minimum wage

• Recruitment fees must not be deducted from employee pay

• Legal deductions for meals, dormitory, etc. must never reduce employee pay below established minimum wage

• Piece rate wages must be totaled and divided by the total number of hours in each pay period to ensure minimum wage standards are met, if applicable by law

• Training / probationary period wages and benefits, if less than legal minimums, must not extend beyond 3 months from date of hire, and must not be used as a way to avoid hiring permanent workers

• Any tools, supplies, and materials required to perform one’s job must be provided to employees free of charge

  Best Practice: Communicated replacement fee policy

• Upon termination, full wages and benefits owed to the employee must be paid on the date established by local law, including any transportation arrangements
NONDISCRIMINATION

Hiring and Termination Practices

- Factories must have effective management systems to reinforce anti-discrimination policies
- Job advertisements, recruitment, hiring, and promotion must be based on job performance and competency alone
- Job termination must be based on job performance and competency alone

Wages and Benefits

- Factories must provide employees equal wages, benefits, and privileges for equal work, regardless of sex, gender, age, etc.
- Workers must be able to practice religious rites during the work day as long as these practices are non-disruptive
- Housing and food options must be of equal quality for employees of equal rank

Women in the Workplace

- Factories must not prohibit or discourage the employment of married or pregnant women
- Pregnancy testing must not be a condition of employment
- Female employees must not be terminated on the basis of pregnancy status alone
- Female employee contracts must not contain clauses prohibiting pregnancy
- Factories must not base hiring or promotion decisions on the use of contraception
- Factories must ensure pregnant workers are not exposed to substantial health risks

HEALTH AND SAFETY

Documentation

- Factories must post health and safety information required by law in the local language
- Emergency information must be posted in a prominent location and employees trained on procedures for contact and treatment
- Factories must have copies of all health and safety permits on-site
- Factories must maintain all safety and accident reports on-site for one year

  Best Practice: See Appendix (Accident / Injury Log)

- Safety trainings, meetings, and drills must be documented and records maintained
Best Practice: Maintain photos, video, and written fire drill log

- All first aid treatments and substances dispensed must be documented and maintained

Dormitories

- Dormitories must meet local size standards with individual employee living space never less than 2.25 square meters (20-25 square feet)
- The dormitory structure must be clean, structurally-sound, well-ventilated, well-lit, and provide shelter from weather elements
- Trash / Debris must be cleared daily
- Separate wash basins must be available for laundry
- Drinkable water must be available at all times on each floor
- Each floor must have 2 well-marked emergency exit stairwells
- Emergency exits must be unlocked at all times
- Electricity must be available at all times
- Smoking must be restricted to designated areas outside dormitory rooms
- Any cooking must be restricted to designated areas outside dormitory rooms
- A designated cooking / kitchen area must be provided near the dormitory
- Employee toilet facilities must be available on each floor
- Toilets must be plumbed, separated by gender, have privacy stall doors, and be cleaned daily
- There must be a sufficient number of toilets available within the dormitory:

<table>
<thead>
<tr>
<th>Employees per dormitory</th>
<th>Toilets required</th>
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</thead>
<tbody>
<tr>
<td>1 - 15</td>
<td>1</td>
</tr>
<tr>
<td>13 - 35</td>
<td>2</td>
</tr>
<tr>
<td>36 - 55</td>
<td>3</td>
</tr>
<tr>
<td>56 - 80</td>
<td>4</td>
</tr>
<tr>
<td>81 - 110</td>
<td>5</td>
</tr>
<tr>
<td>111 - 150</td>
<td>6</td>
</tr>
<tr>
<td>150 +</td>
<td>1 additional toilet for each additional 40 employees</td>
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</tbody>
</table>

- Basic supplies, such as toilet paper, antibacterial soap, and hand towels must be provided
- Shower facilities must be available

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- Residents must not be charged excessive room and board fees
- Residents must be able to come and go freely in accordance with dormitory policies
- Sleeping areas must be segregated by gender
- Each resident must have his or her own bed / sleeping cot
- Each resident must have his or her own secure personal storage locker
- Stairwells must have adequate lighting, proper handrails, emergency lighting, and be free of clutter
- An evacuation plan must be posted on each floor of the dormitory in the local language
  
  *Best Practice: See Appendix (Evacuation Plan)*

- 2 fire extinguishers must be available in different locations on each floor of the dormitory

**Electrical**

- Power cords must be grounded
- All electrical panels with circuit breakers must be covered, with each switch properly labeled in the local language
- Electrical cords must be in good condition, and not spliced, frayed, or exposed
- Emergency candles or flashlights must be kept on the premises for use in the event of a power outage

**Elevators**

- Elevators must be serviced and inspected regularly by licensed technicians
- Elevator doors must not open unless elevator car is present
- Load limits and emergency instructions must be posted in each elevator
- Freight elevator shaft must have markings and guards in place to prevent injury

**Emergency Exits**

- There must be at least 2 unlocked and accessible emergency exits on each floor of each building
- An emergency exit must not be further than 61 meters (200 feet) from any employee
- Emergency exits and signage must be visible up to 30.5 meters (100 feet)
- Emergency lights must be installed above all emergency exits and stairwells
Fire and Safety Equipment

- Factory must have 1 fire extinguisher for every 25 employees, evenly distributed and within close reach of each employee
- Fire extinguishers must be clear of obstruction
- Fire extinguishers must be mounted on walls or columns and clearly-marked
- All rooms with combustible materials must have fire equipment
- Fire extinguishers must be checked monthly, fully-charged, and labeled by fire type:

<table>
<thead>
<tr>
<th>Material</th>
<th>Equipment required</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wood, paper, textiles</td>
<td>Water</td>
</tr>
<tr>
<td></td>
<td>Class A fire extinguisher for ordinary combustibles</td>
</tr>
<tr>
<td></td>
<td>Fire blanket</td>
</tr>
<tr>
<td>Solvent, grease, oil, petroleum</td>
<td>Class B fire extinguisher for flammable liquid, gas, or grease</td>
</tr>
<tr>
<td>Wiring, electrical equipment</td>
<td>Class C fire extinguishers for wiring or electrical equipment</td>
</tr>
<tr>
<td></td>
<td>Fire Blanket</td>
</tr>
</tbody>
</table>

- All fire equipment must be inspected by the fire department or outside agency every 6 months, with inspection dates noted
- 5% - 10% of employees from each department must be trained in proper handling and use of fire equipment
- Operating instructions must be posted in the local language near the fire extinguishers
- Fire and other evacuation drills and training must be conducted and documented every 6 months with photos and signatures
- Evacuation training must include awareness of exit routes and designated gathering areas outside the factory
- Fire alarms must be audible and visible throughout the entire factory

First Aid and Medical Services

- Employees must be trained in basic first aid procedures
  
  *Best Practice: Arm bands to designate first aid representatives*

- A hospital or medical facility must be located in close proximity to the factory, or onsite clinic located at the factory
- Annual medical checkups must be provided if required by law
• Medical procedures must be performed by a licensed physician in a sterile and secure environment

• If injections are provided to workers, they must be administered by a licensed medical practitioner and recorded

• Proper procedures regarding needle use and disposal must be followed

• There must be at least 1 first aid kit per 100 workers located on each floor. Minimum contents include:
  
  - Adhesive bandages
  - Absorbent pads
  - Antiseptic
  - Latex gloves
  - Burn treatment
  - Medical adhesive tape
  - Scissors
  - Tweezers
  - Rubbing alcohol
  - Eye wash

• First aid kits must be routinely inspected and restocked when necessary

  *Best Practice: First aid representative photos posted on first aid kit*

• All first aid kits must be unlocked and accessible at all times

• Blood-borne pathogen kits must be available in the event of injury

• Emergency eye wash stations and showers must be installed in areas of risk

• Controlled substances must never be freely accessible to workers

**Food Preparation**

• Food preparation area must be separate from the production floor

• Food preparation area must be cleaned and disinfected daily

• Eating facilities must be covered to protect employees

• Eating facilities must have an appropriate number of chairs and tables to accommodate the number of employees on break

• Food preparation areas must have refrigeration units, heating units, and drinkable water

**Machine Safety**

• All machinery must be equipped and maintained as required by manufacturer’s instructions

• Service logs must be maintained for all machinery

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• Broken needle log must be maintained and include all broken needle pieces with the date, machine number, and operator name

  *Best Practice: See Appendix (Broken Needle Log)*

• Front and side guards must be placed on all abrasive wheels

• Needle, pulley, and eye guards must be placed on all sewing and button machines

• Knife guards must be placed on all cutting machines

• Finger guards must be placed on all automatic welt pocket machines

• Machines must have an individual power shut-off switch or emergency release within the operator’s reach

  *Best Practice: Written instructions and diagrams explaining machine operation*

• Tagging guns must be individually labeled and must not be shared

• Each production area must be equipped with a sharps container

**Personal Protective Equipment (PPE)**

• Personal protective equipment must be provided to workers, including goggles, gloves, and masks, etc. and training conducted on proper use

• Earplugs must be provided to employees subjected to continuous noise exceeding 85 decibels

**Production Floor Safety**

• Aisles must be clear at all times

• Adequate space must be provided between work stations to allow freedom of movement

• Primary aisles must be wide enough for 2 employees to walk comfortably side-by-side

• Secondary aisles must be wide enough for 1 employee to walk comfortably

• Evacuation plans must be posted prominently on each work floor, displaying current location, nearest exits, and fire extinguishers

• Employee work stations must be adequately lit

• Production floors must be marked with an evacuation path using arrows or lines

• Trash / Debris must be cleared from the production floor regularly

• Empty pallets must be stored flat and not stacked dangerously high

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- All exit doors must open outward and be wide enough to ensure safe and speedy evacuation

- All exit doors must remain unlocked during working hours

  *Best Practice: Push bar doors*

- Employees must be appropriately dressed to minimize potential safety risks (hair tied back, no loose clothing, etc.)

**Sanitation / Toilets**

- A sufficient number of toilets must be provided, accessible, and separated by gender:

<table>
<thead>
<tr>
<th>Employees per shift</th>
<th>Toilets required</th>
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</tr>
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<td>56 - 80</td>
<td>4</td>
</tr>
<tr>
<td>81 - 110</td>
<td>5</td>
</tr>
<tr>
<td>111 - 150</td>
<td>6</td>
</tr>
<tr>
<td>150 +</td>
<td>1 additional toilet for each additional 40 employees</td>
</tr>
</tbody>
</table>

- Employee toilet facilities must be available on each floor

- Toilets must be cleaned and disinfected daily

- Toilets must be plumbed with running water

- Basic supplies such as toilet paper, antibacterial soap, and hand towels must be provided

- Toilets must have privacy stalls to ensure privacy

- Toilet area must be well-lit and well-ventilated

- Clean water for washing must be near the toilets

**Ventilation**

- Factories must be adequately heated / cooled to ensure a comfortable environment

- Air circulation systems must be installed and operational

- Exhaust fans must be installed and operational during work hours

- Exhaust fans must be cleaned routinely to ensure maximum air quality benefits

- Sufficient ventilation must be provided in areas where heat is generated or workers engage in strenuous activity
HOURS OF WORK AND OVERTIME

Documentation

- Prior to employment, the factory must inform workers—both verbally and in writing—of its policy on overtime work and overtime compensation rates

Hours of Work

- Factories must not regularly exceed the daily, weekly, or combined total working hour limits established by local law or the PG, whichever is lower
  
  *Best Practice: Lean manufacturing practices*

  *Best Practice: Factories must have enough employees to handle current and future business demands*

- Work must only be performed on the production floor and not in the dormitory or eating facility

- Off-clock work is not permitted

- Employees must be provided 1 day of rest after 6 consecutive days of work

U.S. CUSTOMS

Customs-Trade Partnership Against Terrorism (C-TPAT)

- Factories must seek ongoing education regarding C-TPAT supply chain security requirements

- Factories must establish an action plan for C-TPAT compliance

- Factories must record the contents of any delivery or shipment

- The appropriate country of origin must be marked on all products

- Factories must be prepared to accept Nordstrom security audits by internal staff or a third-party monitor

Restricted Access

- The finished goods warehouse and shipping areas must be well-controlled to prevent unauthorized access

- Warehouses must be well-secured with security guards, cameras, security doors, etc.

  *Best Practice: CCTV monitoring system*

- Factories must record the identity of all factory visitors, including suppliers, clients, shippers, expeditors, etc.
ENVIRONMENT

Documentation

- Factories must maintain valid environmental certificates and permits, including for relationships with Publicly Owned Treatment Works / Municipal Wastewater Treatment (POTW), third-party recycling and sludge companies, etc.

- Factories must actively manage waste removal to prevent illegal or careless dumping

- Factories must sign a declaration stating that no chemicals present on the American Apparel and Footwear Association (AAFA) Restricted Substances List (RSL, see Appendix) are being used in Nordstrom production

Energy

- Factories must comply with local law when operating generators

- Factories must seek ways to better manage and reduce energy consumption

  *Best Practice: Swamp coolers, solar power, Energy Star-certified appliances and light bulbs*

Restricted Substances / Chemicals

- Material safety data sheets (MSDS) in the local language must be available for each chemical used

  *Best Practice: See Appendix (Material Safety Data Sheet)*

- MSDS training must be provided on an ongoing basis and documented for each chemical used

- Factories must provide employees ongoing training / communication on the safe use of chemicals and emergency management

- Employees must wear appropriate PPE when using chemicals

- Eye wash stations must be located in all areas where chemical contact may occur, provide a minimum of 15 minutes continuous flow, be operated hands-free / blindly, and inspected regularly

- The path to the eye wash station must be clear at all times

- Factories must substitute non-toxic materials whenever possible

- Factories must consolidate chemical agents used for similar purposes

- Factories must implement an effective chemical inventory control system to minimize waste

- Chemicals and hazardous materials must be stored in a suitable area
- Chemical storage facilities must not drain into the sewer system
- Chemicals must be labeled with proper names and global symbols, stored in sealed containers, with secondary containment, and inspected regularly for leaks and expiration
- Bulk chemicals / hazardous materials must be safely stored away from production floor
- Chemical waste must be properly neutralized and disposed of in accordance with local law

Waste / Recycling

- Factories must dispose of waste (chemical, fabric, debris, etc.) at a legitimate dumpsite, and recycle or reuse when possible

  *Best Practice: Procedures to recycle or reuse materials*

Water

- Factories and subcontractors with wastewater treatment plants (WWTP) must maintain a WWTP flowchart diagram onsite
- Factories and subcontractors with wastewater treatment plants (WWTP) must comply with the Nordstrom-provided Global Water Quality Guidelines, or applicable law, whichever is more stringent
- WWTP must operate within parameter limits and not exceed maximum tolerance levels
- Factories and subcontractors with wastewater treatment plants (WWTP) will be assessed using the Global Water Quality Guidelines Testing Standards
- Sewage disposal method must not endanger the health of employee

DOCUMENTATION AND INSPECTION

Documentation and Inspection

- Factories must grant access to all records, employees, and facilities for auditing purposes on behalf of Nordstrom
- Factory management must participate in the opening and closing audit meetings to discuss the purpose of the assessment and violations found

FREEDOM OF ASSOCIATION

Communication Channel

- A private communication channel must be available to employees to voice grievances and concerns on any issue

  *Best Practice: Confidential third-party hotline*
Employees must be able to speak directly to factory management, Nordstrom-appointed third-party monitors or Nordstrom employees without fear of job loss or retaliation

Organized Associations

- Employees must have the option to join an organized association / committee without fear of job loss or retaliation
- Factories must not use blacklists of any kind
- Employee associations / committees must have the freedom to conduct all activities on the factory premises without interference, including dialogue with management, representative elections, and factory inspections, as long as it does not disrupt the factory operation

  Best Practice: Worker safety committee, activity planning committee, problem solving committee

SUBCONTRACTING

Documentation

- Factories must disclose all subcontracting (including homework) to Nordstrom prior to production placement or relocation
- All work must be performed by documented employees

Monitoring and Compliance

- Factories must confirm that subcontractors will comply with the Nordstrom Partnership Guidelines prior to production placement, and monitor subcontractors to ensure compliance on an ongoing basis

CHANGE OF CONTROL

Documentation

- Factories must notify Nordstrom in writing if factory ownership or location changes
- New factory management must promptly agree to comply with the Nordstrom Partnership Guidelines
ANIMAL WELFARE

Sourcing

- Leather and other animal by-product sources must adhere to humane practices
- Leather must not be sourced from India or China for any product category
- NPG labeled production must not contain fur

KIMBERLY PROCESS AND CONFLICT MINERALS

Sourcing

- All diamonds and minerals purchased from legitimate sources
- All sellers guarantee diamond and mineral sources are conflict-free on invoices

ANTI-BRIBERY

Monitoring and Compliance

- All suppliers comply with local and/or applicable anti-bribery regulations
APPENDIX

Glossary of Terms

American Apparel and Footwear Association (AAFA): US-based trade association representing apparel, footwear, and other sewn products companies, and their suppliers, which compete in the global market (http://www apparelandfootwear.org)

Agent: A company that has agreed to represent Nordstrom in business dealings

Blacklist: A list of employees under suspicion, or considered untrustworthy, disloyal, etc., especially one compiled by a government or factory

Bribe: Anything given or serving to persuade or induce, including money, products, or services

Closed-circuit television (CCTV): A system of video cameras used to transmit a signal to a specific place, on a limited set of monitors, such as a central control or security room

Child: Any individual under the age of 15, or younger than the age for completing compulsory education

Child labor: Employment of a child

Collective bargaining: Negotiation between organized employees and their employer to determine wages, hours, rules, and working conditions

Communication channel: Secure and confidential communication tool for employees to voice concerns to management or Nordstrom

Compliance: Meeting all applicable legal and Nordstrom Partnership Guidelines requirements

Controlled substance: Any substance whose possession and use is regulated by law

Cottage / Home work arrangement: A small-scale industry carried out at home by family members using their own equipment

Customs-Trade Partnership Against Terrorism (C-TPAT): Cooperative endeavor between the trade community and Customs and Border Protection to develop, enhance, and maintain effective security processes throughout the global supply chain

Employee: Line worker, supervisor, management, office staff, etc. paid directly by the factory

Factory: The physical location where primary construction of an NPG product occurs

Fair Labor Standards Act (FLSA): An act that establishes minimum wage, overtime pay, recordkeeping, and youth employment standards affecting employees

Forced labor: Work performed against an employee’s will through the threat of detention, violence, or extreme hardship

Foreign contract worker: Employee imported from a foreign country for work in a factory
Foreign Corrupt Practices Act (FCPA): A US federal law that addresses accounting transparency requirements and bribery of foreign officials

Freedom of association: Ability for employees to organize and bargain collectively

Global Water Quality Guidelines: Set of water quality parameters applicable to Nordstrom wash programs

Grievance procedure: Process by which an employee voices, and management responds to, a complaint

Human trafficking: The illegal trade in human beings for commercial sexual exploitation or forced labor

Indentured labor: Work arrangement in which an employee is so financially indebted to an employer that employment cannot be willingly terminated

Industry standard: Practice followed by the majority of the retail industry

Kimberly Process: Process designed to certify the origin of rough diamonds and minerals from conflict-free sources

Management system: Framework of processes and procedures used to ensure that a factory fulfills all objectives

Nordstrom Product Group (NPG): The business unit responsible for the design and production of Nordstrom-branded merchandise

Outward Processing Agreement (OPA): Appropriate documentation associated with the movement of product from one facility in one country to another facility in another country

Pay slip: Document provided to an employee listing regular hours, overtime hours, gross pay, net pay, and proper deductions

Personal protective equipment (PPE): Equipment provided to an employee that reduces the risk of physical injury

Prison labor: Work performed by a prisoner without compensation

Probation / Probationary period: Legal period of time at the beginning of an employee’s work contract during which full pay and benefits are not yet provided

Publicly Owned Treatment Works / Municipal Wastewater Treatment (POTW): A sewage sludge or wastewater treatment system used in the storage, treatment, recycling, and reclamation of municipal or domestic sewage

Recruitment fees: Fees paid by an employee to a third party for work placement

Restricted substances list (RSL): List of materials, chemicals, and substances restricted or banned in finished home textile, apparel, and footwear products
(http://www.apparelandfootwear.org/resources/restrictedsubstances.asp)
Slavery: A system under which humans are treated as property and forced to work

Social compliance audit: Assessment of factory working conditions and compliance with local law and Nordstrom Partnership Guidelines requirements

Subcontractor: A factory that performs a secondary production process such as embroidery, printing, or dyeing

Supplier: Agent, vendor, manufacturer, factory, or subcontractor

Security audit: Assessment of factory safety and compliance with C-TPAT and Nordstrom Partnership Guidelines requirements

Third-party monitor: Company contracted to assess compliance on behalf of Nordstrom

UK Bribery Act: A UK act that establishes the crime of bribery and defines the failure of a company to prevent bribery on its behalf

Wastewater treatment plant (WWTP): Facility in which the process of removing contaminants from wastewater occurs

Young Workers: Employees between the legal working age and the legal age of majority, often subject to additional employment requirements

SAMPLE MANAGEMENT FORMS

Accident / Injury Log

OBSERVATION PERIOD:

<table>
<thead>
<tr>
<th>DATE AND TIME</th>
<th>EMPLOYEE NAME</th>
<th>DEPARTMENT</th>
<th>NATURE OF ACCIDENT / INJURY</th>
<th>ACTION TAKEN</th>
<th>PREVENTIVE ACTION</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
</tbody>
</table>

Additional comments (if relevant, provide explanation on separate sheet)

- Was there any work stoppage / slowdown? (Y/N)
- Did high absenteeism contribute to the accident / injury? (Y/N)
- Was there a fire in the factory or on factory grounds? (Y/N)
- Were there unusual circumstances or events that contributed to the accident / injury? (Y/N)
- Is a government investigation occurring, e.g., claims adjuster, labor department, etc.? (Y/N)
**Broken Needle Log**

<table>
<thead>
<tr>
<th>DATE</th>
<th>MACHINE NUMBER</th>
<th>OPERATOR (Name / Card Number)</th>
<th>NEEDLE ISSUER</th>
<th>BROKEN NEEDLE PARTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

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Evacuation Plan

- In local language
- Include emergency contact information

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- Include “You are here” icon
- Include clearly-marked evacuation paths

**Fire Evacuation Log**

<table>
<thead>
<tr>
<th>DATE</th>
<th>DRILL TYPE (Announced / Unannounced)</th>
<th>TIME ALARM SOUNDED</th>
<th>TIME POWER Turned OFF</th>
<th>TIME LAST WORKER EVACUATED</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

- Did all emergency lights – over exits, stairways, and inside production floor – light up when power was turned off? (Y/N)
- Did fire alarms / siren continue to sound after the power was turned off? (Y/N)
- Did all employees respond to the alarm in a disciplined manner? (Y/N)
- Did any employees sustain an injury during the exercise? (Y/N)
- Were all exits unlocked and used during the evacuation? (Y/N)
Grievance Procedure Principles

- Fairness
- Transparency
- Consistency
- Non-retaliation
- Confidentiality
- Simplicity
- Efficiency

Grievance Procedure Key Components

- Policies and procedures
- Communication
- Awareness and attitude
- Staff qualification
- Training
- Implementation
- Employee participation
- Documentation and recordkeeping

Grievance Procedure Steps

- Classification
- Investigation
- Interview
- Resolution
- Appeal (if necessary)
- Implementation
- Documentation
- Follow-up

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Grievance Procedure Flow Chart

GRIEVANCE FLOW CHART

WORKER

PROBLEM

LINE SUPERVISORS

ISSUE SOLVE

CONTINUE WORKING

SUGGESTION BOX

HR DEPARTMENT

MEETING UNIT WORKER AND ANALYSIS

FINAL RESULT

NO SOLUTION

AREA MANAGER

ISSUE SOLVE

CONTINUE WORKING

NO SOLUTION

PERSONNEL CHIEF

ISSUE SOLVE

CONTINUE WORKING

NO SOLUTION

HR MANAGER AND FACTORY MANAGER

FINAL RESULT
### Material Safety Data Sheet

**The Clorox Company**
1221 Broadway
Oakland, CA 94602
Tel: (510) 571-7000

**Material Safety Data Sheet**

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>Concentration</th>
<th>Water Exposure Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sodium Hypochlorite</td>
<td>14.5%</td>
<td>none established</td>
</tr>
<tr>
<td>Sodium Hydroxide</td>
<td>0.5-2%</td>
<td>2 mg/m³, Ceiling-IDLV, Federal OSHA REL</td>
</tr>
</tbody>
</table>

#### II Health Hazard Data
- **Eye Contact**: Remove any contact lenses and flush eyes thoroughly with water for 15 minutes. In more severe cases, seek medical care.
- **Skin Contact**: Remove contaminated clothing. Wash affected skin with water.
- **Inhalation**: Get fresh air immediately.
- **If Swallowed**: Drink a glass of water. Seek medical care.

#### IV Special Protection and Precautions
- **Hazardous Properties**: Do not get in eyes or on clothing. Avoid prolonged or repeated skin contact. Avoid exposure to fumes or dusts. Use only in well-ventilated areas.
- **Personal Protection**: Wear safety glasses. For sensitive skin or where prolonged exposure, wear gloves.
- **Ventilation**: Use general ventilation to minimize exposure to gases or fumes associated with this product.

#### VI Spill Procedures/Waste Disposal
- **Spill Procedures**: Avoid contact with skin. Contain the spill and dispose of the spill in an authorized waste disposal facility.
- **Waste Treatment**: Dispose of in accordance with applicable federal, state, and local regulations.

#### VIII Fire and Explosion Data
- **Flashpoint**: Greater than 200°F
- **Flammable Limits**: Lower Flammable Limit: 130, Upper Flammable Limit: 35
- **Special Handling Precautions**: None
- **Stability Information**: None

#### VII Reactivity Data
- **Stability**: None
- **Explosive**: None
- **Corrosivity**: None
- **Reactivity**: None

**TSCA** - All chemicals in this product are listed on the TSCA Inventory

**PREPARED BY**

For Medical Emergency Call:
(800) 289-4721
For Transportation Emergencies:
(800) 289-4721

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