FLA Audit Profile	
Country	China
Factory name	020015368E
IEM	SGS-CSTC Standard Technical Services Co., Ltd
Date(s) in facility	August 7-8, 2006
PC(s)	Eddie Bauer, Inc.
Number of workers	1943
Product(s)	Apparel
Production processes	Knitting, Linking, Stitching, Lighting, Washing, Pressing, Mending, Metal Detecting,

				IEN	M Findings					Remediation		[Status] Upd	ates
FLA Code/ Compliance issue	Country Law/Legal Reference	FLA Benchmark	Noncompliance	Risk of Noncompliance	Evidence of Noncompliance (Uncorroborated)	If Not Corroborated, Explain Why	Sources/ Documentation	Notable Features	PC Remediation Plan	Target Completio n Date Company Follow Up (October 20, 2006)	Documentation	Completed , Pending, Ongoing Company Follow U _I (October 18, 2007)	
1. Code Awareness Confidential Noncompliance Reporting Channel		FLA Principle of Monitoring, Obligation of Companies: Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.	No confidential noncompliance reporting mechanism was set up that allows workers to raise labor issues to the PC.				on-site observation; worker and management interviews		The objective of Eddie Bauer (EB) is to strengthen contract manufacturers' internal grievance systems, so direct involvement by EB in employee grievances should be considered a last resort. EB requests that factory establish a formal system of dialogue between management and workers in order to allow workers to voice workplace grievances, develop internal procedures for resolving workplace disputes, and resolve grievances in good faith. During EB audits, auditors provide contact information to workers who desire to contact EB directly. EB's contact information is provided on code of conduct (COC) postero	system. EB's COC posters and contact information provided.	poster, contact information	Completed	
2. Forced Labor There will not be any use of force	ed labor, whether in the form of prison labor,	indentured labor, bonded labor or otherwise.											
completing compulsory education	n age younger than 15 (or 14 where the law on in the country of manufacture where such	of the country of manufacture allows) or younger than the age for age is higher than 15.											
4. Harassment or Abuse Every employee will be treated wabuse. 5. Nondiscrimination	with respect and dignity. No employee will be	e subject to any physical, sexual, psychological or verbal harassment of											
No person will be subject to any the basis of gender, race, religion		ng, salary, benefits, advancement, discipline, termination or retirement, on ity, political opinion, or social or ethnic origin.											
	d healthy working environment to prevent ac the operation of employer facilities.	cidents and injury to health arising out of, linked with, or occurring in the											
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.					on-site observation		Chemical storage room should have absorbent materials to control spills and cleaners to clean spills. Eye wash stations should be available where chemicals are handled.	chemical storage. No eye wash	observation	Pending No eye wash station installed	yet. observation
Machinery Maintenance		All production machinery and equipment shall be maintained, properly guarded, and operated in a safe manner.	Machinery had no appropriate lock-out equipment.				on-site observation		Lock-out systems should be in place to cut power to machines in need of service or repair and protect safety or maintenance personnel and equipment operators.	No lock-out system implemented.	observation	Pending No lock-out system implemen	observation
Other	Regulations on Security Service in [Province name] (Non-official English version) Candidate shall undergo special training of training facilities that are approved by the public security organ, and obtain provincial qualification certificate issued by pubic security organ above the county level.	Employers will comply with applicable health and safety laws and regulations. In any case where laws and code are contradictory, the higher standard will apply.	[Some of the] security guards did not obtain qualification certificates.				certificate check, management interview		Factory should ensure that security guards obtain qualification certificates, in accordance with local regulations.	Same finding, [some of the] security guards do not have certificates.	security guards' qualification certificat	Pending No change.	security guards' qualification certificates
7. Freedom of Association and Employers will recognize and res	d Collective Bargaining spect the right of employees to freedom of as	ssociation and collective bargaining.											
Freedom of Association: FLA	spect the right of employees to freedom of as	FLA Comment: The Chinese constitution guarantees Freedom of											
Right to Freely Associate			Although factory established "suggestion, appeal and, complain," updated in February 2006, it stated that workers				complaint record review (past 2 years)		Factory should re-enforce and strengthen its communication to workers regarding factory's grievance	Grievance procedures training provided during orientation training	grievance procedure documents	Completed	
		course of employment.	could suggest, appeal or complain to factory if they met unfair treatment, unfair punishment, or have some suggestior for factory, they could approach department director, factory director or through suggestion box. Factory would give feedback to them and keep it confidential, but there was no trade union, worker representative or other parallel means of independent representation for workers. Through appeal record review, no suggestion, appeal or complain happened	n			worker and management interviews		process. Workers should be informed of grievance process orally and in writing, at beginning of employment and on a ongoing basis.				

					EM Findings					Remediatio	2		[Status]	Updates	
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8. Wages and Benefits	or are essential to meeting employees' basis n	and Employers will now employees as a base at least the minimum													
		eeds. Employers will pay employees, as a base, at least the minimum er, and will provide legally mandated benefits.													
Minimum Wage		Employers will pay workers the legal minimum wage or the prevailing	During audit, inconsistency identified between production and				1) off-site interview		It is imperative that factory maintains accurate time records		No inconsistency observed.	swipe card record,		lo inconsistency observed. However,	
	to laborers by employing unit shall not be lower than local standards on minimum	industry wage, whichever is higher.	swipe card records. I.e. production records showed some knitting workers worked February 19; March 5, 26; April 9, 16,				with workers in canteen and dormitory		to reflect all hours worked. Workers should be informed about how their wages are calculated and be compensated		However, total work hours under comprehensive working hour	production record, employee interviews		he factory no longer has comprehensive working hour system	production record; employee
	wages.		23, 30; and May 1, 2, 3, 7, 21, 28 in 2006, but swipe card				and pre-audit on		at the appropriate rates for their hours worked.		system from 3/1/06 to 8/31/06 is	chiployee interviews	l v	vaiver. Excessive overtime observed,	interviews
			records showed those days as rest days. Also, auditors found				08/06/2006. 2) cross- check with relative				excessive. The allowed total		r	nonthly overtime is 60 hours.	
			some workers worked August 6, 2006 during pre-audit; this was confirmed through off-site worker interviews. However,				production records				working hours is 1220, but actual working hours range from 1240 to				
			swipe time cards showed all workers had August 6, 2006 as a				·				1228.				
			rest day. Workers' work hours could not be verified due to the found inconsistent work hour records. Wages calculated												
			based on swipe cards with discrepancy, so there was lack of												
			positive evidence to indicate that workers' base wages were												
Payroll Reporting		Accurate and reliable payroll reporting, including pay stubs will be provided.	There was inconsistency between production and swipe records. Workers' actual wages could not be verified.				Based on on-site observation and		Same remediation as row 34.		Same company follow up as row	swipe card record, production record.	Pending		
			l control assault nages some not so to most				through interview with					employee interviews			
Record Maintenance		All compensation records will be maintained accurately and should be	There was inconsistency between production and swipe				Based on on-site		Same remediation as row 34.		Same company follow up as row	swipe card record,	Pending		
		acknowledged by the employee as accurate.	records. Workers' actual wages could not be verified.				observation and				34.	production record, employee interviews			
							through interview with workers.					employee interviews			
Down out of Works	China Labort and Artisla 50: Wassa shall	Locally mandated horses (o.g. 42th month normality and payments			During off site intervious	t Through intervious with			DC to investigate this issue from the		No deleved powers was found	annia va a internia v	Completed		
Payment of Wages		Legally mandated bonuses (e.g. 13th month payments and severance payments) will be paid in full and in a timely manner.				Through interviews with management and other workers,			PC to investigate this issue further.		No delayed payment was found.	employee interview, payroll	Completed		
	cash. The wages paid to laborers shall not				they stated monthly wage	no negative evidence was									
	be deducted or delayed without justification.				would be later than 48-55 days. E.g., workers' June	identified.									
	,				wage would be paid										
					August 18-25. Worker stated he was hired in										
					June 2006, but has never										
					gotten wages since he has worked at the factory										
					mas worked at the factory										
Accurate Recording of Wage Compensation		All hourly wages, piecework, bonuses, and other incentives will be calculated and recorded accurately.	There was inconsistency between production and swipe records. No evidence to prove that accurate recording of				off-site interview with workers in		Same remediation as row 34.		Same company follow up as row	swipe card record, production record,	Pending		
Componedion		and recorded describer.	wage compensation was kept.				canteen and dormitory					employee interviews			
							and pre-audit on 08/06/2006. 2) cross-								
							check with relative								
							production records								
Minimum Wage/Quotas		Workers paid on the basis of incentive quotas will be paid not less than	Inconsistency identified between production records and				1) off-site interview		Same remediation as row 34.		Same company follow up as row	swipe card record,	Pending		
		the minimum or prevailing wage, whichever is higher.	swipe time records. Wages could not be verified.				with workers in				34.	production record,			
							canteen and dormitory and pre-audit on					employee interviews			
							08/06/2006. 2) cross-								
							check with relative production records								
False Payroll Records		Employers will not use hidden or multiple payroll records in order to hide					1) off-site interview		Same remediation as row 34.		Same company follow up as row	swipe card record,	Pending		
		overtime, to falsely demonstrate hourly wages, or for any other fraudulent reason.	audit.				with workers in canteen and dormitory				34.	production record, employee interviews			
							and pre-audit on								
							08/06/2006. 2) cross- check with relative								
							production records								
O. Harring of Michael															
9. Hours of Work Except in extraordinary business	s circumstances, employees will (i) not be req	uired to work more than the lesser of (a) 48 hours per week and 12 hours													
overtime or (b) the limits on regulimit the hours of work, the regul	ular and overtime hours allowed by the law of	the country of manufacture or, where the laws of such country will not overtime; and (ii) be entitled to at least one day off in every seven day													
Overtime Limitations		Except in extraordinary business circumstances, employees will (i) not be					1) off-site interview		Same remediation as row 34.		Same company follow up as row	swipe card record,	Pending		
		required to work more than lesser of (a) 48 hours per week and 12 hours overtime or (b) limits on regular and overtime hours allowed by law of	swipe card records. I.e. production records showed some knitting workers worked February 19; March 5, 26; April 9, 16,				with workers in canteen and dormitory				 34.	production record, employee interviews			
	after consultation with trade union and	country of manufacture or, where laws of such country will not limit hours	23, 30; and May 1, 2, 3, 7, 21, 28 in 2006, but swipe card				and pre-audit on					Jampioy Co Interviews			
		of work, regular work week in such country plus 12 hours overtime; and (ii) be entitled to at least 1 day off in every 7 day period. An extraordinary					08/06/2006. 2) cross- check with relative								
	such extension is called for due to special	business circumstance is a temporary period of extra work that could not	was confirmed through off-site worker interviews. However,				production records								
		have been anticipated or alleviated by other reasonable efforts.	swipe time cards showed all workers had August 6, 2006 as a												
	3 hours a day under condition that health of laborers is guaranteed. However, total		rest day. Workers' work hours could not be verified.												
	extension in a month shall not exceed 36														

			IEM Findings						Remediation				[Status] Updates			
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10. Overtime Compensation																
		compensated for overtime hours at such premium rate as is legally swill not exist, at a rate at least equal to their regular hourly compensation														
Accurate Recording of OT Hour Worked?	rs	Employees will be paid for all hours worked in a workweek. Calculation of hours worked must include all time that the employer allows or requires the worker to work.					1) off-site interview with workers in canteen and dormitory and pre-audit on 08/06/2006. 2) crosscheck with relative production records		Same remediation as row 34.		Same company follow up as row 34.	swipe card record, production record, employee interviews	Pending			
OT Compensation	China Labor Law, Article 44: Employing unit shall, according to following standards, pay laborers remunerations higher than those for normal working hours under any of the following circumstances: 1) pay no less than 150% of normal wages if extension of work hours is arranged; 2) pay no less than 200% of normal wages if extended hours arranged on days of rest and no deferred rest can be taken; and 3) pay no less than 300% of normal wages if the extended hours	The factory shall comply with applicable law for premium rates for overtime compensation.	There was inconsistency between production and swipe card records. Workers' overtime working hours could not be verified. So, piece rate workers overtime wages could not be verified, either.				1) off-site interview with workers in canteen and dormitory and pre-audit on 08/06/2006. 2) crosscheck with relative production records		Same remediation as row 34.		Same company follow up as row 34.	swipe card record, production record, employee interviews	Pending			
OT Compensation for Piece	China Labor Law, Article 44: Employing unit shall, according to following standards, pay laborers remunerations higher than those for normal working hours under any of the following circumstances: 1) pay no less than 150% of normal wages if extension of work hours is arranged; 2) pay no less than 200% of normal wages if extended hours arranged on days of rest and no deferred rest can be taken; and 3) pay no less than 300% of normal wages if the extended hours	Where workers are paid on a piece rate, the payment for overtime work performed shall result in no less payment than the premium pay required by law		гу			1) off-site interview with workers in canteen and dormitory and pre-audit on 08/06/2006. 2) cross-check with relative production records		Same remediation as row 34.		Same company follow up as row 34.	swipe card record, production record, employee interviews	Pending			