Employment decisions will be made solely on the basis of Written policy and procedures reviewed in 'factory rules.'

No person will be subject to any discrimination in employment, including hiring, salary, benefits, advancement, discipline, terminations.

No written procedures on hire, assignment of work, terminations.

Employers will not use monetary fines and penalties for poor performance.

Factory has set up a policy, but verified in Re-audit.

The auditor found an old poster in the dormitory which still has such wording. We did not recall there is such a rule specified, because we have never issued a monetary fine in the past.

Factory removed monetary fine as disciplinary deduction policy.

Completed via August 25, 2005 reaudit of factory.

There will not be any use of forced labor, whether in the form of prison labor, indentured labor, bonded labor or otherwise.

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There were no pregnant workers during audit.

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Legal benefits
- Workers were paid regular wages even in the absence of official documentation during interviews. The company did not provide any regular wages until the relevant documents were presented.

Minimum Wage
- Employers recognize that wages are essential to meeting employees' basic needs. Employers will pay employees, as a base, at least the legal minimum wage. Employers will pay workers the legal minimum wage or the prevailing industry wage, whichever is higher. Employers will pay workers the legal minimum wage or the prevailing industry wage standard: RMB 450 per month (RMB 2.69 per hour for piece-rate workers, RMB 5.5 per hour for hourly-rate workers). It was inline with the local minimum wage effective in 2004.

Social Insurance
- Workers are entitled to social security and social insurance, as provided in local laws, and covered in accordance with local laws. Workers are entitled to social insurance and social benefits as provided by local laws. Workers are entitled to social insurance and social benefits as provided by local laws.

Emergency Evacuation Drills
- Emergency evacuation drills should also be conducted at least once a year to ensure the safety of employees in case of any emergency.

Sanitation in Dormitories
- The dormitory is clean and installed with enough fire fighting equipment well maintained. 1 first aid box available for use.

Emergency Evacuation Drills
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Mountain's Findings

Remediation

Clause 16 of China Labor Law: the

Best Practice

Factory Response

Cause of nonconformity:

Updates

Documentation

Target Completion Date

Cause of nonconformity:

FLA Benchmark

Clause 44 of China Labor Law: OT

PC Remediation plan

The factory has subcontracted

Unauthorized subcontracting

miscellaneous

contract with all employees.

Employers should sign employment

rest days and statutory holidays.

rates for overtime compensation.

The factory shall comply with applicable law for premium

China Labor Law.

factory. It violated clause 16 of

employment contract with the

of workers have signed

contracts are to be established for all workers

to Eddie Bauer.

Subcontractors are disclosed in Manufacturer

Nordstrom products.  NORDSTROM NOTE: Subcontractors requ

Disclosed to Eddie Bauer in Factory Labor

BAUER NOTE: Subcontractors requ

Questions submitted annually to

Subcontractors are properly reported

and documented. Same standards should

apply to all factories that are involved in

production process of Eddie Bauer and

are disclose in Factory Labor

process to

Immediate action to rectify nonconformity:

improves. Factory did not sign

Management responds, it was

Another factory: *** factory, as the

EMB

Other

Miscellaneous

All labors have contracts. 60% of contracts have

been sent to local authorities for official verification. The receipt of such

contracts signed by the authorities and presented to the auditor during auditing

period, but was not considered to be acceptable.

improved. All but 2 contacts were maintained for

improved. Factory claimed contracts have been

submitted to labor department for approval and

improved. Factory needed to improve the

process. The factory needed to improve the

management of temp workers, e.g., keep

personnel files, record working hours, etc.

The company will maintain a full record for

projected overtime amounts. We have decided to implement this practice in our factory.

NOTE: Nordstrom requests factory to pay at

least 3 months back wages to underpaid

NOTE: Nordstrom requests factory to pay workers for

work hour. In case overtime work for such duties is unavoidable, workers will be

paid in a similar way.

Workers were not maintaining their time and do not involve any actual production work. Referring to records found,

records are not hand written, reports produced by machines should apply to all invoices that are issued in

production process. Eddie Bauer and Nordstrom are not aware of any employees doing embroidery processes in the

department for approval.

60% of all manual embroidery. To prevent two records of the problem, company will seek other methods to estimate and report production hours for such workers. These invoices will be sent in a similar way.

The factory is not maintaining records for overtime compensation. Factory only provided documentation for Overtime Pay

According to China Labor Law Article 44. Pay all workers

premium rates (150%, 200%, 300%)  NORDSTROM

first three months of September 2004.

Eddie Bauer were not maintaining the

Subcontractors for embroidery processes have not

improved. Factory stopped

improved. Factories are to be properly reported

information to Eddie Bauer.

improved.

We do not see any evidence of temporary workers doing

We do not see any evidence of temporary workers doing

subcontracts are disclosed in Manufacturer

Subcontractors are to be properly reported

improved.

improved.

improved. Factory needed to improve the

improved. The factory was not able to produce the required production for the

improved. Factory has decided to back pay extra hours they spent on cost estimations

improved. Factory has decided to back pay extra hours they spent on cost estimations

monitors.

improved. Factory stopped

improved. The company has to establish a clear system to verify temporary workers.

improved. The factory is not maintaining a full record of temporary workers.

improved.

improved.

improved.

improved.

improved.

improved.

improved.

improved.