December 15, 2006

**Summary Report:**
**Third Party Complaint Regarding Yung Wah 2, Cambodia**

**Complaint**

On July 5, 2006, the Fair Labor Association (FLA) received a Third Party Complaint filed by the Coalition of Cambodia Apparel Workers’ Democratic Union (C.CAWDU) regarding Yung Wah Industrial (Cambodia) Co. Ltd. Plant #2 (“Yung Wah 2”), a factory located in Kandal province, Cambodia. The complainant alleged noncompliance with respect to the Freedom of Association provision of the FLA Workplace Code of Conduct. Specifically, the complaint alleged problems related to obtaining union recognition and harassment and abuse of union leaders.

On July 10, the FLA initiated a Third Party Complaint at Step 2, and notified the complainant and the FLA affiliated company mentioned in the complaint (Eddie Bauer) about its action. Pursuant to Step 2, FLA companies have up to 45-days to conduct an assessment and report back to the Executive Director in writing as to whether noncompliance with the FLA Workplace Code of Conduct occurred and, if so, whether and how it had been remedied.

**Assessment by Company**

Upon receipt of the complaint, Eddie Bauer notified the FLA that an internal audit conducted in March 2006 had identified Freedom of Association noncompliances at Yung Wah 2 and was assessing the situation and developing a remedial strategy. Part of Eddie Bauer’s assessment process included communicating with representatives of the Better Factories Cambodia program,¹ Yung Wah Headquarters representatives in Singapore, Yung Wah 2 factory managers, other companies sourcing at Yung Wah 2, C.CAWDU representatives at the factory, and Cambodia Ministry of Labor representatives. Eddie Bauer representatives also interviewed Yung Wah 2 workers.

During the 45-day period, Eddie Bauer worked in consultation with Better Factories Cambodia and the FLA and in collaboration with other buyers at Yung Wah 2 to respond to serious allegations of harassment and abuse against union leaders, in particular a violent incident

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¹ The Better Factories Cambodia program of the International Labor Organization (ILO) monitors and reports on working conditions of Cambodian garment factories according to national and international labor standards. Better Factories Cambodia first monitored Yung Wah 2 in June 2005 and subsequently named and reported on its progress in March 2006.
involving a C.CAWDU union leader and criminal lawsuits lodged against four union leaders for their alleged role in an illegal strike that took place on March 30, 2006.²

The priorities that were identified to address the Freedom of Association noncompliances at Yung Wah 2, and the resulting outcomes, were the following:

1) Drop all criminal charges against worker leaders. Yung Wah 2 withdrew criminal charges against all four union leaders. On August 9, 2006, the Court issued a letter confirming the withdrawal of the charges and on August 17, the Court issued individual letters to the four workers stating that they were released from all charges.

2) Resolve the union registration issue. C.CAWDU received union recognition at Yung Wah 2.

Conclusion and Next Steps

As a result of the involvement of Eddie Bauer, pursuant to the Third Party Complaint process, all criminal charges against union leaders were dropped and the union achieved recognition at the factory, thereby accomplishing the main objective of the complainant. Thus, the FLA has decided to close the Third Party Complaint at Step 2. In a meeting with FLA staff on October 5, 2006, C.CAWDU officials were informed of the FLA decision to formally close the Third Party Complaint at Step 2 and they accepted it.

² From March 30 to April 1, 2006, 90% of workers at Yung Wah 2 went on an illegal strike. The dispute was resolved after a negotiated agreement was reached. The factory accepted all demands of the workers but, following the strike, factory management took legal action against union activists for the illegal strike action.