



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: vineyard vines; Fifth & Pacific
(formerly known as Liz Claiborne, Inc.)

COUNTRY: Peru

FACTORY CODE: 05025811011

MONITOR: GMIES

AUDIT DATE: July 7 – 8, 2010

PRODUCTS: Shirts

PROCESSES: Downloading Fabric, Cutting,
Embroidery, Sewing, Laundry, Finishing

NUMBER OF WORKERS: 780



CONTENTS:

Wages, Benefits and Overtime Compensation: Payment for All Hours Worked.....3
Code Awareness:.....4
Code Awareness:.....5
Health and Safety: Personal Protective Equipment.....7
Health and Safety: Sanitation in Factory Facilities.....8
Hours of Work: Meal and Rest Breaks*9
Hours of Work: Extraordinary Business Circumstance/Forced Labor.....9

**Denotes a Notable Feature*



Wages, Benefits and Overtime Compensation: Payment for All Hours Worked

WBOT.7 Workers shall 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. (S)

Noncompliance

Explanation: Time-tracking records show some inconsistencies; consequently, some workers have not received their overtime compensation completely. A sample of 15 time-tracking records from May and June 2010 showed that: 1) some time card records show the time the working day begins, but do not show the time the day ends and 2) other time cards show that employees have worked 24 hours continuously. However, there is no evidence that employees work that many hours, it is just a mistake with the time-tracking system. In these cases, management does not know exactly how many hours of overtime employees have performed; thusly, management decides to pay workers only for the ordinary working hours. While the time record system is not accurate, workers are not paid for all hours worked.

Plan Of Action: Factory reviewed prior payments and paid back missing wages. Vineyard Vines (VV) and Liz Claiborne (LCI), will send a third-party auditor to the factory in the first quarter of 2011. At that time, they will confirm that the system is functioning properly.

Deadline Date:

Supplier CAP: Implement a control in the time-tracking process to verify accuracy through an inconsistencies report. Whenever a time card record does not show the beginning and ending hours of a work day, HHRR will require employee's supervisor to send a written memorandum with the correct time and hours worked to record into the system.

Supplier CAP Date: 08/02/2010

Action Taken: *The following verification language was provided by the third-party monitor, GMIES, hired by the company affiliates to follow up on the status of this report. The follow up was conducted on February 1, 2012.*

COMPLETED. All inconsistencies in the time-tracking records have been appropriately addressed. The current time-tracking system clearly allows the workers' times (at the start and the end of their work days) to be reviewed. Overtime performed is also clearly and accurately tracked with the new system. Factory showed documentary evidence of payments owed to workers due to inconsistencies found in the 2010 IEM. Auditors reviewed 5 pay slips from July 5-11, 2010. These payments were paid back July 16, 2010

Sources: time-tracking record review, pay slips, employee interviews

Plan Complete: Yes

Plan Complete Date: 02/01/2012

Code Awareness:

GEN.2 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.

Noncompliance

Explanation: No evidence that VV or LCI provided Codes of Conduct (COCs) to the factory. Codes not seen posted in facilities; 100% of interviewed workers not aware of code provisions.

Sources: worker interviews

Plan Of Action: VV and FLA COCs are now posted in the factory and translated into the native language.

Deadline Date: 08/16/2010

Supplier CAP: Get VV's COC translated into Spanish and post it on the factory posting wall, where it is visible to all workers.



Supplier 08/16/2010
CAP Date:

Action Taken: *The following verification language was provided by the third-party monitor, GMIES, hired by the company affiliates to follow up on the status of this report. The follow up was conducted on February 1, 2012.*

ONGOING. Both companies have provided their COCs, which were seen posted in a prominent place at the facilities (specifically, on the way to the canteen) and written in the local language. Factory showed documentary evidence of training provided on different work areas of LCI's COC standards; the training was given to 535 employees from September 27-30, 2011. However, in the case of VV's COC standards, factory has not provided workers with any training yet.

Plan Complete: No

Plan Complete Date:

Code Awareness:

GEN.3 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.

Noncompliance

Explanation: *Companies have not developed a secure communication channel that allows workers to report any noncompliances with the workplace standards to them.*

Plan Of Action: *Both companies confirmed their respective COCs have been posted in native language. Both companies provided email addresses allowing workers to contact them directly.*

Deadline Date: 07/12/2010



Supplier CAP: Find a way for workers to communicate directly with VV if they feel [Factory name] is not meeting code provisions. VV could create an email address to post along with the COC, so workers can use it to communicate directly with VV.

Supplier CAP Date: 08/27/2010

Action Taken: *The following verification language was provided by the third-party monitor, GMIES, hired by the company affiliates to follow up on the status of this report. The follow up was conducted on February 1, 2012.*

PENDING. Despite the fact that both VV and LCI have provided an email address, it is not effective; most workers do not have or use email accounts. From a sample of 25 interviewed workers, 95% either do not have email accounts or have access to one. Auditors ran a poll among 80 employees (out of the interview sample). 82.5% stated they either do not have email accounts or have access to one; the other 17.5% that have access to or have used an email account are not aware of the email address to contact LCI or VV, even when it is mentioned in the company COCs that management has posted. Therefore, the email accounts provided by both companies are not an effective mechanism for workers to report any noncompliances that might happen at the factory.

Sources: worker interviews

Plan Complete: No

Plan Complete Date:

Health and Safety: Personal Protective Equipment

H&S.11 Workers shall be provided with effective and all necessary personal protective equipment (such as gloves, eye protection, hearing protection, respiratory protection, etc.) to prevent unsafe exposure (such as inhalation or contact with solvent vapors, noise, dust, etc.) to health and safety hazards, including medical waste. (S)

Noncompliance

Explanation: 1 worker handling benzene in the stain-removal area was seen without the relevant respiratory personal protective equipment (PPE).

Plan Of Action: Both companies require that PPE is available for workers to use. The factory has scheduled training advising workers on the need to use PPE. The companies will send a third-party auditor to confirm compliance in this area.

Deadline Date:

Action Taken: *The following verification language was provided by the third-party monitor, GMIES, hired by the company affiliates to follow up on the status of this report. The follow up was conducted on February 1, 2012.*

COMPLETED. All employees performing stain-removal tasks were seen using the relevant PPE (respiratory masks). Factory also showed documentary evidence of training on the use of chemicals and on emergencies due to chemical spills. This training was provided in February 2011 and included some employees from the stain-removal area. Furthermore, training on security and risk prevention was provided in May 2011. This training included information about the importance of using the relevant PPE; workers from the stain-removal area participated in this training.

Source: observation tour

Plan Complete: Yes

Plan Complete Date: 02/01/2012

Health and Safety: Sanitation in Factory Facilities

H&S.22 All facilities including factory buildings, toilets, canteens, kitchens, and clinics, shall be kept clean and safe and be in compliance with all applicable laws, including relevant sanitation, medical and safety and health regulations. (S)

Noncompliance

Explanation: All toilets in the men's restrooms were dirty and out of service. Some of the women's toilets were dirty and out of service.

Source: observation tour

Plan Of Action: The factory has taken corrective action to improve conditions in the current facility. Factory has plans to move to a larger facility in October. Companies will send an auditor to the factory in the first quarter of 2011 to confirm improvement in this area.

Deadline Date:

Supplier CAP: Assign maintenance personnel to strengthen activity periods when many workers use the restrooms at the same time, such as at the start, change and end of every shift.

Supplier CAP Date: 07/19/2010

Action Taken: *The following verification language was provided by the third-party monitor, GMIES, hired by the company affiliates to follow up on the status of this report. The follow up was conducted on February 1, 2012.*

The maintenance team has been assigned to permanently stay on duty for 30 minutes in the men's and women's restrooms during the start, change, and end of every shift. The maintenance routine is being repeated every 30 minutes during working hours where the workers use the restrooms randomly. Any malfunction is resolved immediately. When broken parts require replacement, it is resolved in 24 hours.

COMPLETED. New facilities' bathrooms were seen to be in good condition. The day the factory was visited, the bathrooms looked clean; employees confirmed that bathrooms are clean and work appropriately almost all the time.

Sources: physical inspection, worker interviews

Plan Yes
Complete:

Plan 02/01/2012
Complete
Date:

Hours of Work: Meal and Rest Breaks

HOW.3 Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with local laws. (S)

Notable Feature

Explanation: Factory provides a free meal to all workers working overtime during the morning and evening shifts. This is not required by Peruvian law.

Hours of Work: Extraordinary Business Circumstance/Forced Labor

HOW.11 In case of extraordinary business circumstances, employers shall make reasonable efforts to secure voluntary overtime work prior to mandating involuntary overtime. Employers must get workers voluntary consent periodically for all overtime that is above the 12 hours as provided for in the Code and that is not due to extraordinary business circumstances. (P)

Noncompliance

Explanation: 47% of the record review samples showed workers working more than 60 hours in 1 week. This was corroborated from June and July 2010 records; the workers affected belonged to the sewing department.

Source: record review



Plan Of Action: Factory has provided a plan to reduce overtime. The factory continues to communicate to workers that overtime is voluntary; they have distributed the Factory Internal Regulations to all workers. Workers also sign a form accepting overtime and acknowledging that they will receive the corresponding legal compensation. Companies will send an auditor in the first quarter of 2011; the number of hours worked will be reviewed at that time.

Deadline Date:

Supplier CAP: Management's commitment is to not plan for any employee to work more than 60 hours in 1 week. Supervisors will be instructed to not plan or request any overtime that will exceed 60 hours per week. Whenever extraordinary circumstances require scheduling an employee to work more than 60 hours in 1 week, or on Sundays, the supervisor should make the request through a memorandum to be approved by the factory's CEO. Peruvian law allows employees to work more than 60 hours in 1 week and on Sundays, providing that overtime is paid at corresponding rates.

Supplier CAP Date: 08/09/2010

Action Taken: *The following verification language was provided by the third-party monitor, GMIES, hired by the company affiliates to follow up on the status of this report. The follow up was conducted on February 1, 2012.*

Supervisors plan and control schedules so overtime does not exceed 60 hours per week and there is not work on Sundays. The memorandum request and approval is established.

COMPLETED. A sample of time records found that employees are not working more than 60 hours per week. Workers confirmed that overtime is voluntary.

Sources: time record review, employee interviews

Plan Complete:

No

Plan Complete Date:

02/01/2012
