2010

Fair Labor Association
Independent External Monitoring Report

COMPANY: Liz Claiborne, Inc.
COUNTRY: Indonesia
FACTORY CODE: 0500331222I
MONITOR: Andrew Teh
AUDIT DATE: December 16 – 17, 2010
PRODUCTS: Ladies Woven Tops, Bottoms
PROCESSES: Cutting, Sewing, Ironing, Finishing, Packing
NUMBER OF WORKERS: 2199

FLA Comment: This report was submitted to the FLA and the FLA-affiliated company by the accredited independent external monitor. Despite deadline reminders and extensions for submission of a corrective action plan, the FLA has not received a plan to address the noncompliances raised in the report. Therefore, the report is posted in its current state and will be updated once a corrective action plan has been submitted to and reviewed by the FLA.

For an explanation on how to read this report, please visit the FLA website here.

FAIR LABOR ASSOCIATION

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Wages, Benefits and Overtime Compensation: Holidays, Leave, Legal Benefits and Bonuses

WBOT.5 Employers shall provide all legally mandated holidays, leave, benefits and bonuses, such as official holidays, annual leave, sick leave, severance payments and 13th month payments, to all eligible workers within legally defined time periods. In addition, all leave and bonuses shall be calculated correctly. (S)

Noncompliance

Explanation:	It was noted that all contract workers (30% of factory workforce) are not entitled for pension scheme under Jamsostek (Social Security System), passionate leave or circumcision leave.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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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: It was noted that the lunch break is 1 hour (12pm-1pm), but according to the factory bell time notice, workers have only 45 minutes (12pm-12:45pm).

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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Wages, Benefits and Overtime Compensation: Worker Wage Awareness

WBOT.22 Employers shall make every reasonable effort to ensure workers understand the wages, including the calculation of wages, incentives systems, benefits and bonuses they are entitled to in a factory and under applicable laws. To this end, employers shall communicate orally and in writing to all workers all relevant information in the local language or language(s) spoken by the workers, if different from the local language. (P)

Noncompliance

Explanation:	It was noted that some workers were not clear about the calculation of income tax deduction and medical reimbursement amount.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

FAIR LABOR ASSOCIATION

Forced Labor: Employment Terms/Prohibitions

F.4 There can be no employment terms (including in contracts or any other instruments or in any formal or informal recruitment arrangements) which: specify that employees can be confined or be subjected to restrictions on freedom of movement; allow employers to hold wages already earned; provide for penalties resulting in paying back wages already earned; or in any way punish workers for terminating employment. (P)

Noncompliance

Explanation:	It was noted that the employment contracts of contract workers are being renewed on a monthly basis for months and years. As per 2003 Act Article 59, this kind of employment contract may be made for a period of no longer than 2 years and can only be extended 1 time that is not longer than 1 year.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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Forced Labor: Forced Overtime

F.14 The imposition of mandatory overtime beyond the limits set by the law, a freely negotiated collective bargaining agreement, and/or the FLA Code, in an environment where a worker is unable to leave the work premises, constitutes forced labor. (S)

Noncompliance

Explanation:	It was noted that the normal daily working hours end at 3pm, but all workers are required to work 1 hour overtime from Monday to Friday. The overtime work does not exceed the limit set by the law or the FLA code; however, the extra 1 hour is mandatory for all workers.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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Freedom of Association: Right to Collective Bargaining

FOA.18 Employers shall recognize the rights of workers to free and voluntary collective bargaining with a view to the regulation of terms and conditions of employment by collective agreements. (S)

Noncompliance

Explanation:	It was noted that no collective bargaining agreement has been signed between the factory and the union.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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Harassment or Abuse: Discipline/Monetary Fines and Penalties

H&A.8 Employers shall not use monetary fines and penalties as a means to maintain labor discipline, including for poor performance or for violating company rules, regulations, and policies. (S)

Noncompliance

Explanation: It was noted that if workers do not report their daily working hour recording errors within 5 hours, their daily wage will be deducted.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

FAIR LABOR ASSOCIATION

Harassment or Abuse: Discipline/Physical Abuse

H&A.10 Employers shall not use any form of - or threat of - physical violence, including slaps, pushes or any other forms of physical contact as a means to maintain labor discipline. (S)

Uncorroborated Evidence of Noncompliance

Explanation: It was noted that some female workers were pinched by 1 female line leader/supervisor.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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Harassment or Abuse: Discipline/Verbal Abuse

H&A.11 Employers shall not use any form of verbal violence, including screaming, yelling, or the use of threatening, demeaning, or insulting language, as a means to maintain labor discipline. (S)

Uncorroborated Evidence of Noncompliance

Explanation:	It was noted that some line leaders and supervisors scolded workers with abusive words like “bodoh” (stupid) and “anjing” (dog).
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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Harassment or Abuse: Discipline/Freedom of Movement

H&A.12 Employers shall not unreasonably restrain the freedom of movement of workers, including movement in canteens, during breaks, using toilets, accessing water, or to access necessary medical attention, as a means to maintain labor discipline. (S)

Noncompliance

Explanation: 1. It was noted that all workers are required to seek permission from management if they want to leave the factory during break time. The factory has 3 layers of security gates and guards.

2. Some workers are afraid to go to the toilets or clinics during working hours due to production target pressure from supervisors.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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Non-Discrimination: Pregnancy and Employment Status

D.8 Employers shall not, on the basis of a woman's pregnancy, make any employment decisions that negatively affect a pregnant woman's employment status, including decisions concerning dismissal, loss of seniority, or deduction of wages. (S)

Noncompliance

Explanation: It was noted that if female contract workers are found to be pregnant, their contract will be terminated a few months before delivery.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

FAIR LABOR ASSOCIATION

Non-Discrimination: Protection and Accommodation of Pregnant Workers and New Mothers

D.9 Employers shall abide by all protective provisions in local laws and regulations benefiting pregnant workers and new mothers, including maternity leave/benefits, prohibitions regarding night work, temporary reassignments away from work that pose risk to the health of women and their children, temporary adjustment of working hours during and after pregnancy, and the provision of breast-feeding breaks and facilities. Where such legal protective provisions are lacking, employers to take reasonable measures to ensure the safety and health of pregnant women and their unborn children. Such measures shall be taken in a manner that shall not unreasonably affect the employment status, including wages and benefits of pregnant women. (P)

Noncompliance

Explanation: It was noted that 2 pregnant female workers were found standing to work in ironing and finishing department.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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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: Although the factory did post the workplace standards and informed the workers orally, it was noted that some workers were not clear about the code of conduct.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

FAIR LABOR ASSOCIATION

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

Explanation: It was noted that some aisles in production sewing areas are narrow.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

FAIR LABOR ASSOCIATION

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: 1. It was noted that 3 fire extinguishers and 1 first aid kit are blocked by goods.

2. It was noted that 1 big mobile CO2 fire extinguisher has no updated service record.

3. The secondary warehouse (opposite Building 3) and trimming department (located upstairs in Building 3) have no fire fighting equipment, emergency evacuation map/light/arrows, first aid kits, safety signage and exit lights.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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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. Factory does not provide sufficient and appropriate personal protective equipment (PPE) to workers. E.g., some production workers make their own facial masks made of fabrics; factory does not provide safety shoes to mechanics and workers dealing with heavy objects.

2. Some sewing machines have no needle guards or eye guards.

3. Some sewing machines are equipped with needle and eye guards, but some workers do not follow the standard operating procedures.

4. Some production workers do not tie up their hair inside hair protection caps.

5. Some mechanics do not use proper PPE such as eye goggles, facial masks and safety gloves during work.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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Health and Safety: Use of Personal Protective Equipment

H&S.12 Workers shall not incur any costs related to the normal and regular provision and maintenance of personal protective equipment. (P)

Noncompliance

Explanation: It was noted that if needle guards are damaged, workers need to pay INR 2,500. If needle guards are lost, workers need to pay INR 5,000.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation:	It was noted that 1 ionized drinking water bottle filled up with solvent was found at production area without any proper chemical label and warning sign.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: 1. It was noted that some chemicals (e.g., solvent) and machine oil containers have no label, MSDS/CSDS or proper storage.

2. The main chemical storage room has no PPE or sufficient MSDS for all types of chemicals.

3. 1 machine oil container with oil spillage was found close to the stairway causing a slippery floor surface.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Machinery Maintenance and Worker Training

H&S.18 All production machinery, equipment and tools shall be regularly maintained and properly guarded. Workers shall receive training in the proper use and safe operation of machinery, equipment and tools they use. Employers shall ensure safety instructions are either displayed/posted near all machinery or are readily accessible to the workers. (S)

Noncompliance

Explanation:	It was noted that some belt covers were not covered completely.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

Health and Safety: Bodily Strain

H&S.20 Workstations, including seating and standing arrangements and reach required to obtain tools, shall be designed and set-up in such a manner as to minimize bodily strains. Employers shall train workers in proper lifting techniques and items such as belts shall be provided. (S)

Noncompliance

Explanation:	It was noted that 1 portable ladder was being used to lift up and carry down heavy goods to and from store racks. No safety grill may cause the risk of falling.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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Health and Safety: Medical Facilities

H&S.21 Medical facilities shall be established and maintained in factories as required by applicable laws. Medical staff shall be fully licensed and recognized under applicable local rules and regulations. An appropriate number of medical staff shall be on duty during all working hours, including any type of overtime, as required under local law. An appropriate stock of medical supplies shall be maintained at all times. Medicines of which the expiration date has passed must be replaced immediately and disposed of in a safe manner. (P)

Noncompliance

Explanation:	It was noted that 1 type of medicine called Rifampicin was found expired on December 12, 2010 in the factory clinic.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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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: 1. It was noted that the height of some male toilets is only 5 feet. Some male toilets have no urine bowl, water pipe or hand wash basin.

2. The factory does not provide dining tables at the canteen area. Due to insufficient seating space, many workers have to sit on the floor to have their meals.

3. Some toilets located outside the production building have no gender signs.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

Health and Safety: Drinking Water

H&S.26 Safe and clean drinking water shall be freely available at all times, within reasonable distance of the workplace. Drinking water shall be of a reasonable temperature and the means to drink water (cups, etc.) must be safe and sanitary and available in an appropriate number. (S)

Noncompliance

Explanation:	It was noted that some drinking water dispensers are placed at almost the level of 1 foot outside the factory building without roof protection. Workers have to squat down in order to take the water.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	

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Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: It was noted that personal lockers of workers were insufficient. Many workers have put their handbags openly.

Plan Of Action:

Deadline Date:

Action Taken:

Plan Complete: No

Plan Complete Date:

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Hours of Work: Rest Day

HOW.2 Workers shall be entitled to at least one day off in every seven-day period. If workers must work on a rest day, an alternative day off must be provided within that same seven-day period or immediately following the seven-day period. (P)

Noncompliance

Explanation:	It was noted in the working hour records that from January to June 2010, some production workers from sewing and finishing department worked on 12 Sundays.
Plan Of Action:	
Deadline Date:	
Action Taken:	
Plan Complete:	No
Plan Complete Date:	