



2010

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Liz Claiborne, Inc.; Vineyard
Vines

COUNTRY: Peru

FACTORY CODE: 050258110011

MONITOR: GMIES

AUDIT DATE: July 7 – 8, 2010

PRODUCTS: Shirts

PROCESSES: Cutting, Embroidery, Sewing,
Laundry, Finishing (Ironing, Packing),
Exporting

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	6
Health and Safety: Sanitation in Factory Facilities	7
Hours of Work: Meal and Rest Breaks*	8
Hours of Work: Extraordinary Business Circumstance/Forced Labor	8

*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. From a sample of 15 time tracking records, corresponding to May and June of 2010, the following problems were seen: 1) Some time card records show the time the working day begins, but do not show the time the day ends; 2) Other time cards show employees have worked 24 hours continuously, but there is no evidence that they 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; thus, management decides to pay workers only the ordinary working hours. While the time record system is not accurate, workers are not paid for all hours worked.

Plan Of Action: In addition to the supplier's response, it should be noted that the factory has reviewed prior payments and has paid back the missing wages. The companies (Vineyard Vines and Liz Claiborne) will send a third-party auditor in the first quarter 2011 and, at that time, 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 doesn't show the beginning and ending hours, HHRR will require the 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 control and the memorandum have been established.

Plan Complete: No

Plan Complete Date:



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: There was no evidence that the companies (Vineyard Vines or LCI) have provided their Codes of Conduct to the factory. Codes were not seen posted in the facilities, and 100% of workers interviewed were not aware of the Code provisions.

Plan Of Action: The Vineyard Vines and FLA Codes of Conduct are now posted in the factory location, translated into the native language.

Deadline Date: 08/16/2010

Supplier CAP: Get Vineyard Vines Code of Conduct translated into Spanish and post it on the factory posting wall where it is visible to all workers.

Supplier CAP Date: 08/16/2010

Action Taken:

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 allowing workers to report any noncompliance with the workplace standards to them.

Plan Of Action: Both companies have confirmed that their respective codes have been posted in the native language. Both companies have 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 Vineyard Vines if they feel [factory name] isn't meeting code provisions. Vineyard Vines could create an email address to post along with the code of conduct, so workers can use it to communicate directly with Vineyard Vines.

Supplier CAP Date: 08/27/2010

Action Taken:

Plan Complete: Yes

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: One 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 worker's use. The factory has scheduled training for advising workers on the reasons for using PPE. The companies will send a third-party auditor to confirm compliance in this area.

Deadline

Date:

Action Taken:

Plan Complete: No

Plan Complete

Date:



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: From the observation tour, it was corroborated that all toilets in the men's restrooms were dirty and out of service. Also, some of the women's toilets were dirty and out of service.

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 in the first quarter 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 every shift's start, change and end.

Supplier CAP Date: 07/19/2010

Action Taken: The maintenance team has been assigned to permanently stay on duty for 30 minutes in the men's and women's restrooms during every shift's start, change and end. 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.

Plan Complete: No

Plan 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 meal with free food to all workers performing overtime in the morning and evening shifts, when it 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 worked more than 60 hours in one week. It was corroborated from June and July 2010 records, and workers affected belong to the sewing department.

Plan Of Action: Factory has provided a plan to reduce overtime. It should be noted that the factory continues to communicate to workers that overtime is voluntary, by way of the Factory Internal Regulations, which are distributed 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 2011 and will review hours worked at that time.

Deadline Date:

Supplier CAP: Management commitment is to not plan for any employee to work more than 60 hours in one 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 over 60 hours in one week, or on Sundays, the supervisor should make the request through a memorandum to be approved by the factory CEO. Peruvian law allows working over 60 hours in one week and on Sundays, providing the overtime is paid at corresponding rates.



Supplier CAP 08/09/2010

Date:

Action Taken: Supervisors are controlling not to plan or require any overtime that will exceed 60 hours per week or work during Sundays. The memorandum request and approval is established.

Plan Yes

Complete:

Plan

Complete

Date:
