



2008

FAIR LABOR ASSOCIATION INDEPENDENT EXTERNAL MONITORING REPORT

COMPANY: Liz Claiborne, Inc.
COUNTRY: Vietnam
FACTORY CODE: 050084800G
MONITOR: Global Standards
AUDIT DATE: June 5 – 6, 2008
PRODUCTS: Apparel
PROCESSES: Cutting, Sewing, Finishing
NUMBER OF WORKERS: 2500



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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: Factory adopted new wage scale that was approved in February 2008, but wage increases are based on evaluation of line supervisor. In some cases, this does not follow the proper form or conform to registered wage scale. Many workers are unclear about this new system and how it affects their salary. Further training and clarification needed.

Plan Of Action: Factory should provide training on new wage scale to line supervisors and ensure to monitor that line supervisors follow employee assessment procedures and conform to registered wages scale. Factory should further explain new wages scale clearly to workers and ensure workers fully understand of it.

Deadline Date:

Supplier CAP: Factory agreed to educate line supervisors through training course which includes how to follow procedure of employee assessment and conforming to registered wage scale. Factory agreed to further explain all sections of new wages scales to workers clearly and ensure workers understand new systems of wages.

Supplier CAP Date: 07/19/2008

Action Taken: Evaluation form has been revised without subjective criteria. Training of new wage scale provided to line supervisors so they can follow employee assessment procedures. Employees interviewed to confirm they were aware of policy.

Plan Complete:

Plan Complete Date: 12/05/2008



Forced Labor: General Compliance Forced Labor

F.1 Employers shall comply with all local laws, regulations and procedures concerning the prohibition of forced labor. (S)

Noncompliance

Explanation: According to record review, contracts have not been updated and amended with new salaries in most cases as per law.

Plan Of Action: Factory should make sure their personnel staff checks/updates all contracts immediately if there are any detail changes in future (i.e., wages).

Deadline Date:

Supplier CAP: Factory agreed to update and amend all contracts with new salaries as per legal regulations. In addition, factory agreed to ensure personnel staff updates all contracts if there are any future changes to wages.

Supplier CAP Date: 01/31/2009

Action Taken: Factory amended all contracts with new salaries in accordance with legal regulations. Personnel staff would also be responsible for checking and updating workers' contracts if there are any changes to wages. Copies of new contracts provided to PC for review without exceptions noted.

Plan Complete:

Plan Complete Date: 01/31/2009

Freedom of Association: Right to Freely Associate

FOA.2 Workers, without distinction whatsoever, shall have the right to establish and, subject only to the rules of the organization concerned, to join organizations of their own choosing without previous authorization. The right to freedom of association begins at the time that a worker seeks employment, and continues through the course of employment, including eventual termination of employment, and is applicable as well to unemployed and retired workers. (S)

Noncompliance

Explanation: **FLA Comment:** Vietnam has not ratified ILO Conventions 87 or 98. Under Vietnamese law, all unions are required to affiliate with the single trade union, the Vietnam General Confederation of Labor (VGCL), which is affiliated with the Communist Party. With respect to such union monopolies, the ILO Committee on Freedom of Association has stated that “the rights of workers to establish organizations of their own choosing implies . . . the effective possibility of forming . . . [trade unions] independent both of those which exist already and of any political party.” Vietnam's legal framework is therefore not compatible with ILO Principles on Freedom of Association and, as such, all factories in Vietnam fail to comply with FLA Code standard on Freedom of Association.

Plan Of Action: Factory has policy on respecting worker's right of freedom of association and has already mentioned it in factory's code of conduct.

Deadline Date:

Supplier CAP: Factory has policy on respecting worker's right of freedom of association and has already mentioned it in factory's code of conduct.

Supplier CAP Date: 09/13/2008

Action Taken: Factory has policy on respecting worker's right of freedom of association and has already mentioned it in factory's code of conduct.

Plan Complete:

Plan Complete Date: 12/05/2008

Freedom of Association: Grievance Procedure

FOA.26 Employer shall have in place written grievance procedures that allow first an attempt to settle grievances directly between the worker and the immediate supervisor but that, where this is inappropriate or has failed, it is possible for the worker to have the grievance considered at one or more steps, depending on the nature of the grievance and the structure and size of the enterprise. Employers shall ensure that the grievance procedures and applicable rules are known to workers. (P)

Noncompliance

Explanation: According to interviews with workers and union representatives, communication with workers should be improved. Some workers are aware of union leader, but not all. Suggestion box system is rarely used and not well understood.

Plan Of Action: Factory should ensure to provide training for improving social dialogue between workers and managers in order to strengthen communication. Factory should post chart of union organization with member photos and contact numbers at factory in order to let all workers be aware of organization. Factory should ensure to educate workers on how to use suggestion box to voice workplace grievances and post grievance procedure near suggestion box.

Deadline Date:

Supplier CAP: Factory agreed to provide training on improving social dialogue between managers and workers. Factory agreed to post union organization and photos and contact numbers of union members at factory. Factory agreed to post grievance procedure near suggestion box and to educate workers on how to use suggestion box to voice workplace grievances.

Supplier CAP Date: 09/13/2008

Action Taken: Factory conducted different ways of communication, such as posting information on bulletin boards, showing information on screen and collective trainings.

Plan Complete:

Plan Complete Date: 12/05/2008



Non-Discrimination: Recruitment and Employment Practices (Job Advertisements, Job Descriptions, Evaluation Policies)

D.3 Recruitment and employment policies and practices, including job advertisements, job descriptions, and performance/job evaluation policies and practices shall be free from any type of discriminatory bias. (S)

Noncompliance

Explanation: According to worker interviews and record review, promotions and raises are based on Employee Assessment Policy, which includes some criteria which appears highly subjective, not measured or clearly defined and subject to potential abuse. One such category is labeled "personal characteristics." Forms used for evaluation sometimes left blank, offering no reason why employee received raise, or if this was based on ability or other characteristics.

Plan Of Action: Factory should ensure to revise Employee Assessment Policy to be a policy which is objective, clearly defined and measured based on ability, performance or other characteristics. Forms used for evaluation should be reviewed by designated HR person to ensure no forms left blank.

Deadline Date:

Supplier CAP: Factory agreed to revise employee assessment policy to be a policy which has an objective perspective, is clearly defined and measures criteria for promotions and raises. In addition, factory agreed to assign an assessment staff member from personnel department to review form to ensure no forms are left blank.

Supplier CAP Date: 09/13/2008

Action Taken: Factory has a new form to assess employees. It is based on 4 criteria: 1) work attitude, discipline and attendance; 2) work accuracy; 3) job skill and knowledge; and 4) relationship.

Plan Complete:

Plan Complete Date: 12/05/2008

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: According to interview with workers and management, no training was imparted from company to factory. No worker awareness training by company/factory, especially for illiterate workers. Most workers not aware of company's CoC.

Plan Of Action: Company should provide training on code provisions to factory management; factory should also conduct training programs on code awareness to all workers on a regular basis. Factory should address and explain code provisions to all workers so as to ensure they are aware of company CoC.

Deadline Date:

Supplier CAP: Factory agreed to provide training on code awareness to all workers twice a year. Through training programs, factory also agreed to make sure all workers are aware of company's CoC.

Supplier CAP Date: 04/17/2009

Action Taken: Factory provided code awareness training to employees on March 20, 200; this training will be conducted twice a year.

Plan Complete:

Plan Complete Date: 04/20/2009

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: According to interview with workers and management, there is no secure communication channel to enable company employees to report to company on noncompliance with the workplace standards.

Plan Of Action: Factory should post company's CoC containing contact information at prominent areas of facility and undertake efforts to educate employees about the code on a regular basis.

Deadline Date:

Supplier CAP: Factory agreed to provide secure channel for employees/workers to report any noncompliance issues to company and to post company's CoC with contact information in factory.

Supplier CAP Date: 04/17/2009

Action Taken: Factory posted company's CoC with contact numbers and address on production floor of facility. In addition, line supervisors announced and addressed the contact information of company to workers during the CoC training.

Plan Complete:

Plan Complete Date: 04/20/2009

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:**
1. Storage of flammable materials under exit stairs (near materials warehouse).
 2. Many workstations overcrowded; without access aisles; or with stools or product trolleys blocking exit aisles.
 3. 1 exit stair obstructed by extra sewing tables in woven section.
 4. Material warehouse is overfull. Rolls of fabrics fill several aisles. Fabric and boxes stacked to ceiling. No sign of fork lift or step ladder for reaching these high shelves.

**Plan Of
Action:**

Factory should:

1. Move out flammable materials immediately and store them all in safe place that could lessen chance of fires;
2. Ensure workstations clearly defined; provide sufficient passage space; and keep aisles free from obstacles and all exit aisles clear;
3. Ensure exit stairs not blocked by obstacles, extra sewing tables stored in warehouse.
4. Ensure sufficient passage space in material warehouse provided and that several aisles free from fabric rolls; post forklift sign; ensure step ladder available for workers lifting fabric and boxes.

**Deadline
Date:**



Supplier CAP: Factory agreed to:

1. Keep flammable materials in safe place where materials stored in area outside factory.
2. Keep exit aisles free from obstacles; provide sufficient passage space in workstations.
3. Not place obstacles at exit stairs and store all extra sewing tables in machine room.
4. Check material warehouse regularly and keep all aisles and passageways free from fabric rolls; keep materials in containers and it is as material warehouse; confirm posting of forklift sign and provide step ladder for reaching high shelves; and check material warehouse regularly and keep all aisles and passageways free from fabric rolls.

Supplier CAP Date: 06/14/2008

Action Taken:

1. Flammable materials were being removed from the stairs.
2. Exit aisles were free from obstacles and there was sufficient passage space in workstations.
3. Exit stairs were without obstacles and all extra sewing machines were stored in machine room.
4. All aisles and passageways are free from rolls of fabric and factory had re-arranged the warehouse and move materials to its sister factory which was located in the same industrial zone. Sign of fork lift was being posted in warehouse and step ladder was available for workers lifting fabrics and boxes.

Plan Complete:

Plan Complete Date: 03/05/2009

Health and Safety: Personal Protective Equipment (PPE)

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: PPE distributed, but workers do not always use it consistently. Monitors saw several workers putting on cutting gloves when realized monitors present. Some workers operated noisy equipment without hearing protection. Sewing workers required to wear dust masks, but, in practice, many do not. A few workers found with some hearing loss during health checks, but were not informed of their condition, provided PPE or reassigned to new jobs. No evidence of any follow-up action.

**Plan Of
Action:**

Factory should:

1. Provide PPE training periodically; educate workers on wearing stainless steel gloves when doing cutting work. Workers should wear hearing protection when operating noisy equipment; sewing workers have to wear dust masks.
2. Immediately inform workers who suffer hearing loss of their condition; new jobs should be reassigned to them with compensation made accordingly.
3. Conduct regular health checks to monitor hearing loss every 6 months.
4. Inspect factory noise level to meet legal standards to avoid it happening again.

**Deadline
Date:**



**Supplier
CAP:**

Factory agreed to:

1. Provide PPE training; line team leader will check workers wearing PPE regularly during work time, putting on stainless steel gloves for cutting work, wearing hearing protection when operating noisy equipment and, for sewing workers, wearing dust masks.
2. Inform workers of hearing loss condition immediately and reassign new jobs to them; pay allowance to those workers according to their health conditions.
3. Conduct regular health checks to monitor hearing loss every 6 months.
4. Check for excessive noise on production floor; improve it to meet standards; use temperature machine to monitor temperature and check record every day; cooling system is in use, in condition and well maintained.

Supplier CAP 07/19/2008
Date:

**Action
Taken:** Cutting workers provided gloves, were using them properly for work. Workers in boiler and cleaning rooms wore earplugs during work. Sewing workers wear dust masks on job. Checked production floor for excessive noise and improved it to meet standard. Installed temperature meters at each section, checked and recorded temperature every 2 hours.

**Plan
Complete:**

Plan 03/20/2009
**Complete
Date:**

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: 1. Workers use some chemicals for spot cleaning (acetone, spot lifter, "Hoa Chat Tay Dau"). Most labeled, some are not, i.e., water bottles not properly labeled as Acetone for spot cleaning.

2. Spot cleaning rooms have weak/inadequate ventilation and appear to be rarely used. Most commonly finishing workers appear to use chemicals at their stations without PPE or ventilation. These workers need further training in safe use of chemicals and PPE.

Plan Of Action: 1. Factory must ensure water bottles are labeled as Acetone for spot cleaning.
2. Factory should provide training in safe use of chemicals and PPE for finishing workers.

Deadline Date:

Supplier CAP: 1. Factory agreed water bottles are properly labeled as Acetone for spot cleaning.
2. Factory agreed to provide training in safe chemical use and PPE to finishing workers.

Supplier CAP Date: 06/30/2008

Action Taken: 1. Cleaning performed in spot cleaning room only. PPE provided, MSDS available, chemical bottles labeled properly.
2. Cleaning rooms well ventilated. Chemical safety training provided to workers exposed to chemicals.

Plan Complete:

Plan Complete Date: 12/05/2008

Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: Temperature in production areas is high. IEM day 1, power out; only fans in use with backup power. Day 2, on main power, cooling system in use and conditions improved. Official test report from January 10, 2008, (during cool season) shows no violations, but many readings (7/14) 31°C and 2 readings of 31.5°C, just under 32°C legal limit. Factory should implement program to monitor workshop temperatures to insure not excessive during hot dry season, especially when power out and cooling system inoperable.

Plan Of Action: Factory should monitor temperature by machine and keep checking record everyday to meet legal limit. Ensure cooling system in use, in good condition and well maintained.

Deadline Date:

Supplier CAP: Factory agreed to use temperature machine to monitor temperature and keep checking record every day. Agreed cooling system is in use, in condition and well maintained.

Supplier CAP Date: 06/30/2008

Action Taken: Factory installed temperature meters at each section, checks and records temperature every 2 hours.

Plan Complete:

Plan Complete Date: 12/05/2008



Hours of Work: General Compliance Hours of Work

HOW.1 Employers shall comply with all local laws, regulations and procedures concerning hours of work, public holidays and leave. (S)

Noncompliance

Explanation: Factory has a plan to reduce OT in progress, but OT worked in excess of code limits (60 hrs/wk) and legal limit (16 OT hrs/wk) in 29 reviewed cases in March 2008.

Plan Of Action: Factory should have production plan not exceed monthly capacity; ensure not to exceed 60 work hrs/wk and legal limit of 16 OT hrs/wk.

Deadline Date:

Supplier CAP: Factory agreed to control excessive OT through daily/weekly OT monitoring system to ensure not to exceed 4 hrs/day and 12 hrs/wk. Compliance team of headquarters agreed to monitor daily record and alert factory if workers work almost 60 hours.

Supplier CAP Date: 09/30/2008

Action Taken: OT hours reduced, but several cases still worked over code and legal limits: December 2008: 1/10 reviewed cases worked OT 14hrs/wk. February 2009: 1/10 reviewed cases worked OT 16-18 hrs/wk.

Plan Complete:

Plan Complete Date:

Hours of Work: Sick Leave/Restrictions

HOW.20 Employers shall not impose any undue restrictions on sick leave. Any factory restrictions or procedures regarding sick leave, such as informing the employer as soon as possible, the provision of medical certificates, the use of designated doctors or hospitals, etc., must be in line with local laws, regulations and procedures and must be communicated in full to all workers. (S)

Noncompliance

Explanation: Many workers absent due to sickness and given warning letters because they did not follow proper procedures asking for leave. Workers complain that forms and procedures for sick leave too complex and difficult to follow.

Plan Of Action: Factory should revise sick leave form as simply as possible and educate workers on how to fill in sick leave form and simplify procedure for sick leave.

Deadline Date:

Supplier CAP: Factory agreed to revise sick leave form, provide training to line team leaders on how to fill in form and simplify procedure for sick leave so workers can easily to follow it.

Supplier CAP Date: 06/14/2008

Action Taken: Factory revised leave procedures and provided training to line supervisors on how to fill in sick leave form. Confirmed that workers were well aware of such procedure.

Plan Complete:

Plan Complete Date: 03/05/2009
