



FAIR LABOR
ASSOCIATION

February 5, 2007

Summary Report Third Party Complaint Regarding Cimatextiles, Guatemala

Complaint

On January 30, 2006, Sitracima and Sitrachoi, two unions representing workers at Cimatextiles and Choi Shin, respectively, filed a Third Party Complaint with the Fair Labor Association regarding Cimatextiles, a factory located in Villa Nueva, Guatemala. The complaint is the third to be filed by Sitracima and Sitrachoi regarding working conditions in Cimatextiles and/or Choi Shin; both suppliers have the same owner and operate under the same but partitioned building. The complainants alleged that a female physician working at the clinic at Cimatextiles was fired because she would not follow the factory management's instructions to deny issuing written authorizations for workers to visit the offices of the IGSS (Social Security Institute), which is required for workers to receive medical assistance, and not provide medicines on-site.

On February 24, 2006, the FLA initiated the Third Party Complaint at Step 1, and notified the complainant. Pursuant to Step 1, the FLA consulted with the complainant to arrive at a preliminary assessment of whether the FLA should move forward with the complaint..

After initial discussions with Sitracima and Sitrachoi representatives, the FLA initiated the Third Party Complaint at Step 2, adding an additional allegation concerning Freedom of Association, and notified the complainant and the FLA-affiliated company mentioned in the complaint (Liz Claiborne) about its action. Pursuant to Step 2, the FLA company had 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

During the 45-day period that began on May 17, 2006, Liz Claiborne reviewed files and interviewed management and union officers surrounding the termination of the physician and the allegation of freedom of association violation. On the latter issue, the Liz Claiborne representative consulted with the union leadership to understand the basis of the allegation and to inquire about the process of collective bargaining that the union and management were undertaking.

Liz Claiborne reported to the FLA that the physician was terminated for a number of performance reasons. Since the complaint was lodged, a new physician was hired and, currently,

there are two physicians working at the factory clinic. Liz Claiborne consulted Sitracima and Sitrachoi regarding the new physicians and conditions at the clinic and both unions stated that matters were satisfactory..

Assessment by FLA and Recommendation

The FLA contacted the terminated physician to assess her view of the situation surrounding her dismissal. The physician stated that no clear reasons were provided by the company for her dismissal and Cimatextiles was unable to provide adequate documentation of the underperformance allegations that led to her termination. In October 2006, the company and the terminated physician settled all issues related to her dismissal.

The FLA would like to recommend that Liz Claiborne work with Cimatextiles to develop a comprehensive human resource management policy that also extends to those with professional services contracts, as well as develop more transparent and nondiscriminatory hiring and dismissal procedures.

Conclusion

The FLA concluded this case at Step 2 of its third party complaint process on January 22, 2007 and so informed the complainant and FLA company.