



FAIR LABOR
ASSOCIATION

December 15, 2006

Summary Report: Third Party Complaint Regarding Great Lancelot, Cambodia

Complaint

On June 8, 2006, the Fair Labor Association (FLA) received a Third Party Complaint filed by the Cambodia Industry Union Federation (CIUF) regarding Great Lancelot International Co., Ltd. (“Great Lancelot”), a factory located in Phnom Penh, Cambodia. The complainant alleged noncompliance with respect to Freedom of Association and Collective Bargaining and Health and Safety provisions of the Workplace Code of Conduct. Specifically, the complaint alleged undue delays in negotiating a collective bargaining agreement and noncompliance regarding short-term contracts and health and safety issues.

The FLA initiated a Third Party Complaint at Step 2, and notified the complainant and the FLA affiliated company mentioned in the complaint (Phillips-Van Heusen) about its action, on July 5 and 6, respectively. Pursuant to Step 2, FLA companies 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, Phillips-Van Heusen (PVH) officials met with representatives of the Better Factories Cambodia program,¹ the General Manager and Human Resources Manager at Great Lancelot, CIUF representatives at the factory, and the Cambodia Field Director of the AFL-CIO’s American Center for International Labor Solidarity. PVH officials also interviewed Great Lancelot workers.

On September 29, PVH submitted its assessment under Step 2 of the Third Party Complaint procedure to the FLA. Among the key points from their assessment are the following:

¹ The Better Factories Cambodia program of the International Labor Organization (ILO) monitors and reports on working conditions of Cambodian garment factories according to national and international labor standards. Better Factories Cambodia first monitored Great Lancelot International Co., Ltd. in June 2003 and subsequently named the factory and reported on its progress in January 2005 and October 2005.

- Collective bargaining began at Great Lancelot in 2005. The CIUF submitted a 33- article proposal for negotiations. After initial proposal amendments by management and process discussion, management decided to halt negotiations until the conclusion of industry-wide negotiations between the Garment Manufacturers' Association in Cambodia (GMAC) and trade union confederations on issues dealing with minimum wages and other working conditions. However, because of the Third Party Complaint and discussion with PVH, factory management resumed negotiations with CIUF.
- Short-term contracts appear to be administered as stipulated in Cambodian Labor Law.
- With regard to allegations about the purity of drinking water and the lack of cleanliness of toilets at the facility, management reported that: (1) the water is provided by a government-approved purified water supplier; and (2) it will pay greater attention to the cleanliness of the toilets and will check and make daily reports on their condition.
- Management agreed that the clinic was not adequate and has been working on creating a new clinic.
- To deal with the issue of the work environment, the factory has been undergoing construction to increase the working area by 80%.

FLA Follow-Up

In early October, FLA staff met with CIUF officials in Cambodia to clarify and confirm a number of issues that were listed on their complaint.

- CIUF officials confirmed that collective bargaining resumed on June 18, 2006. They saw recent progress in negotiations directly tied to the support that FLA and PVH were able to provide that helped to restart a collective bargaining process that was in hiatus for a year.
- CIUF officials reiterated that short-term contracts, specifically Fixed Duration Contracts (FDCs), were a problem in the factory. According to them, more than half of the workers at Great Lancelot were under FDCs. While the use of FDCs may not be technically a violation of the labor law, they may undermine the law's intent.² CIUF aims to deal with the issue of short-term contracts in negotiations with the factory.

² Recently, the Better Factories Cambodia program has expressed concern about the rise in use of FDCs. According to Anne Ziebarth, legal advisor, Better Factories Cambodia, "An increasing number of garment factories have started to use Fixed Duration Contracts for all workers, which is troubling because it may indicate that they misunderstand the appropriate use of the different types of contracts, or that they are using FDCs to undermine workers' employment security." See "*Better Factories concerned about labour contracts*," Better Factories Cambodia, Quarterly Newsletter, No. 6, October 2006.

Conclusion and Next Steps

As a result of the involvement of PVH, pursuant to the Third Party Complaint process, collective bargaining negotiations between Great Lancelot and the CIUF have resumed, thereby accomplishing the main objective of the complainant. Other issues raised by the complainant have also been addressed by the factory. Therefore the FLA has decided to close the Third Party Complaint at Step 2. In a meeting with FLA staff on October 4, 2006, CIUF officials accepted the FLA decision to formally close the Third Party Complaint.