



April 2, 2004

Dear University Advisory Council Members:

I write to bring you up-to-date on a recent development in the remediation that has been taking place at a factory in El Salvador where Lands' End, a licensee of some fifty Fair Labor Association (FLA) affiliated schools, has from time to time contracted collegiate work. We normally relate this kind of information through the Tracking Charts on our website. In this case, however, because of the publicity and subsequent efforts surrounding remediation, I am highlighting the recent work and placing it in a broader context. As a matter of policy we do not identify facilities by name unless the licensee agrees to it; once a factory has undergone an Independent External Monitoring assessment (IEM), however, the results – including ensuing remediation – are posted on the FLA website, and updated regularly.

Since this communication is going to a larger audience than just the licensor schools I would like to provide a brief background.

Background

Late in 2002 the Worker Rights Consortium (WRC), after conducting its own investigation, brought to our attention allegations of labor standards non-compliance in a Salvadoran factory where Lands' End contracted collegiate work. The WRC did not file a Third Party Complaint, but based on information received from local sources, we began an Independent External Monitoring (IEM) visit of the facility in the winter of 2003. Then, in May 2003, an actual Third Party Complaint was filed by an entity that asked to remain anonymous, which is an option under the Process. The findings of the IEM visit and follow-up assessment indicated that the Complaint should be taken to Step 4 of the Third Party Complaint Process because there was a strong likelihood of non-compliance relating to the Workplace Standards specified in the Complaint – in this case, alleged violations of the Freedom of Association and Nondiscrimination standards.

The primary objective in Step 4 is to remediate the various instances of non-compliance that are identified by the FLA monitors. Typically this is both forward-looking, in terms of *preventing* recurrence; and remedial, in the form of *correcting* any sort of negative impact that might have occurred to one or more of the parties involved. In this particular case the licensee was eventually able to develop a plan to reduce the likelihood of future recurrences at the facility. The plan includes policy changes and the establishment of training programs focusing on Freedom of Association and Nondiscrimination.

Corrective action for at least one particular instance of non-compliance, however, has taken much longer. It has been a negotiation process over time, involving a number of other entities including local NGO's, the WRC, an additional licensee and Lands' End at both a brand and corporate level. The primary goal has been to find a solution that met a range of expectations, but that in particular would be viewed by the affected workers as fair.

Recent Developments

We have now come to an agreement in that regard. Lands' End and the factory involved in the complaint are together providing \$53,000 in material and machinery and 100 hours of expert advice to a new factory, Just Garments, where many of the affected workers have chosen to work, primarily because of its commitment to the principle of Freedom of Association. We understand from a local group that works closely with workers that the arrangement is satisfactory to the core group of workers that were initially affected. We feel that the solution has a chance of providing longer term security than would other options, such as a one-time cash settlement. At this point, the remediation is in the form of a solid commitment containing concrete, verifiable results according to a specified timeline. While we will need to verify the final implementation of that plan, if it is carried out as promised, then we feel the corrective component of Lands' End's remediation plan will have been achieved. A list itemizing the elements of the agreement, provided by Lands' End, is at the end of this document.

A number of other aspects of the overall remediation plan, preventative in nature, are still underway in the original facility. When the new, corrective component has been implemented, the FLA will prepare a summary report describing the original complaint, the remediation process, and the results to date. Under the FLA Charter a licensor may have access to the complete report if the licensee agrees to it. In the meantime, the FLA staff will continue to post regular updates to the Tracking Chart on the FLA website (www.fairlabor.org).

We appreciate your patience during this extended process, and would like to thank the parties involved for their work and for their openness to solutions that are not obvious at the outset.

Sincerely,

Rut Tufts
Executive Director

Attachment: Lands' End/FLA/WRC Agreement

Lands' End/ FLA/WRC Agreement
(Provided by Lands' End)

March 31, 2004

- To perform all the activities currently listed in the FLA tracking chart.
- To provide Just Garments (JG) with the following assistance:
 - \$22,500 in cloth from the inventory list/swatches previously sent to JG (delivery to be made to JG as soon as plan is finalized and announced, but in any event before April 15th).
 - to pay for up to \$12,500 worth of cotton cloth that JG will source; Lands' End (LE) will disburse money to JG based on JG P.O., with JG to provide subsequent proof of purchase; LE and Sears will share what information they have regarding potential sources for such cloth; the funds will be available by April 5th.
 - \$18,000 to use for needed machinery, the specific purchases to be approved by FLA and WRC; funds to be available by April 5th and to be disbursed to JG to pay for machinery directly based on P.O., with proof of purchase to follow. JG to purchase all machinery by June 30, 2004, except that JG may hold in reserve \$1,500 of this money to cover potential duty owed to El Salvador due to >15% domestic sales in 2004; any of such reserve not so spent will be spent on original purpose.
 - 50 hours of technical assistance from factory and 50 hours of technical assistance from LE in the following four areas:
 - product quality (line set-up and operation issues)
 - identification of full-package production requirements (no discrete training exists that will be helpful on this subject -- it is a matter of financial ability to get credit for fabric and trims, not technical expertise.)
 - export/duty issues and customs procedures (most of the useful information will come from customs brokers; LE and factory will arrange introductions to the brokers they know in El Salvador who can help with these issues and will share what direct knowledge they may have.)

LE and factory will provide the technical assistance within a 10-week period beginning week of April 19th and ending no later than July 2, 2004. LE and factory will meet with JG to discuss training agenda prior to 10-week window.

- Other items:
 - LE will not be engaging FLA to perform verification at this time.
 - The FLA tracking chart will not identify the factory by name
 - Re-evaluation: LE and Sears will re-evaluate JG as a potential supplier within 6 months following the completion of technical assistance.
 - LE to send letter to STIT that includes statement that it requires supply chain partners to respect freedom of association rights and to not discriminate based on the exercise of those rights, and that it will not tolerate blacklisting.